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INTRODUCTION TO BUSINESS MANAGEMENT

A HANDBOOK ADDRESSED PARTICULARLY TO
SECRETARIES OF INDUSTRIAL CONCERNS, AND
COMMERCIAL STUDENTS

BY

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PREFACE

THIS book has been written in an endeavour to deal from a practical standpoint with the day-to-day problems which arise in the life of the man who is called upon to organize and control the commercial side of an industrial company of medium size—not so large, on the one hand, as to require a highly skilled specialist in charge of each department, nor so small, on the other hand, as to be capable of management by personal and visual methods without any formal or written systems worth mentioning. In writing it I have had in mind primarily the secretary who is called upon to act more or less officially as commercial manager of his company, and there are very many in medium-size concerns; but I hope that it will be found equally helpful by business managers of other types, and also by students, many of whom have little opportunity of obtaining practical knowledge of commercial office routine.

It may perhaps be thought that some of the questions dealt with are of a somewhat elementary character; but in my experience it is just the neglect of detail of this description which often spoils the effective working of an otherwise sound scheme, and I have consequently tried to cover the minor points which are so frequently overlooked when drawing up a general outline of office control.

In order to concentrate on the practical aspect

of the matter I have drawn most of the illustrations from my own experience and from the industry in which I have been engaged for many years; but the principles involved are equally applicable to most industrial concerns, and the methods indicated can be easily adapted to the requirements of any particular business.

E. B.

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INTRODUCTION TO BUSINESS MANAGEMENT

CHAPTER I

THE SECRETARY AS ORGANIZER

THE subject of Business Management is of great importance to those who have to deal with the administration of manufacturing undertakings; and in this work an endeavour is made to outline practical methods and suggestions for handling effectively some of the thousand and one questions of detail which arise from day to day in commercial offices.

In many cases the general control of the office is in the hands of the secretary of the company, who is consequently called upon to handle numerous points which are quite distinct from those which arise in the course of the technical duties of the secretary as such, and which call for different qualities and different mental equipment from the financial, share, and meeting work which is usually regarded as the secretary's particular function. This is especially the case with those secretaries who are connected with manufacturing concerns of medium size; not large enough, on the one hand, to segregate the duties of the administrative staff into water-tight compartments, and employ a separate and distinct secretary, accountant, sales manager, purchasing agent, etc.; and not so small, on the other hand, as to enable all the work of

these different executives to be carried out by the proprietor or managing director without any division into departments at all. There are a very large number of companies of this type, where the secretary acts practically as commercial manager or assistant to the managing director, and is responsible, more or less officially, for the organization and management of the greater part of the commercial side of the undertaking, sometimes holding rather more than a watching brief in respect of the works as well. In such cases the organizing capacity and general business ability of the secretary are likely to be called upon to a very considerable extent, and he has to cope with problems and difficulties which are rarely touched upon in the ordinary secretarial textbooks.

His difficulties are increased by the fact that many of the matters with which he has to deal concern technical questions with which in many cases he has only a general acquaintance. The secretary of an engineering company, for instance, is not likely to be a trained engineer, nor to be capable of deciding points involving an up-to-date knowledge of engineering standards and practice. In the course of his experience he will probably have picked up a good deal of general engineering knowledge, and may be familiar with the practice of his own company in regard to questions which arise fairly frequently in the ordinary run of the business; but he is seldom equipped with knowledge of the formulae for calculating strains and stresses, for example, or the expansion and contraction of metals, not to speak of the numerous far more abstruse points which are everyday matters to the trained mechanical or electrical

engineer. In such cases he is bound to leave the decision of the question to technical advisers of the company, and confine his energies as far as possible to the general matters of organization and management which are his special function.

It is hardly necessary to point out, in this connexion, that the secretary is, or should be, primarily an organizer. The most brilliant individual without organizing capacity is of very little use at the head of the staff of a concern of any considerable size. The limit of capacity of any one man, however clever and industrious, is soon reached; and unless he can work with others, and impel them to work together for him, the burden will eventually prove too heavy for his shoulders. This is an essential point to bear in mind. It is too often overlooked that it is not so much what a man can do himself, but what he can arrange for others to do, which counts in administration.

For this reason it is always desirable for the secretary to keep himself free from the burden of matters of detail; to pass on to others all items of routine as far as possible, and to devote his time to the far more important task of seeing that things are done promptly and efficiently, and thinking out ways and means of doing them better. It is often hard to overcome the feeling that one can do a particular thing more efficiently than anyone else available for the job; but to yield to this idea—often a perfectly correct one—usually means that while the task in question may perhaps be done better, many other things will certainly be done worse, simply because there is no time to look after them. In these days of industrial complication and rush, efficient organization

is imperative. The competent secretary is the man who can go away for a holiday and find that during his absence everything has gone on practically the same as when he is in daily attendance; the machine is well oiled and equipped, and can be left for a reasonable period without personal supervision.

In the following pages an effort will be made to outline methods of organizing the commercial side of an industrial concern which will give this result. Needless to say, it is impossible to lay down any hard-and-fast rules which will apply to all businesses. The enormous variety in size and type of industries and factories would in itself suffice to render any such attempt worse than useless, in addition to which it must be borne in mind that efficiency in organization often results from the adoption of methods peculiar to the mental equipment and faculties of the individual concerned, and that one man's meat is another man's poison in this respect as in so many others. For this reason it is the aim of the author to dwell upon principles rather than details—upon ends to be attained rather than upon the means adopted to attain them. Illustrations of means will be given, but they should be considered purely as illustrations and not as essential to the main purpose, viz. the attainment of an organization which shall be adequate and efficient for the needs of a manufacturing concern of medium size and average equipment.

CHAPTER II

CORRESPONDENCE

THE handling of correspondence is in practically all companies the primary duty of the secretary. This does not mean that he should personally deal with the bulk of the letters, although many secretaries interpret their duty in this way, to the injury of other sections. In accordance with the principle already laid down, the secretary should keep himself free from the burden of petty correspondence as far as ever possible; the fewer letters he writes himself, the better the work as a whole is likely to be carried out. The responsibility for the correspondence, however, is certainly his; and this is a sufficiently heavy one, when it is borne in mind that most of the people with whom his company deals will know it only through letters, and will judge it by that test just as an individual judges a man at a personal interview. The tone, appearance, and general quality of a business letter all make their due impression on the mind of the recipient; and it is for the secretary to see that his company's correspondence is such as will do it credit and maintain or increase its business.

Before dealing with the points to be observed in the composition and typing of letters it may be as well to touch upon the method of handling correspondence in general; and we may commence with the receipt of the morning mail, which usually comprises the bulk of the incoming correspondence.

The first task in this connexion is the opening

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and sorting of the post ; and in arranging for this work it should be borne in mind that unless the letters are in the hands of the various departmental heads promptly on their arrival, time will be lost which will result in a serious wastage in the early part of the day, with probably an equivalent rush in the late afternoon. It is therefore desirable for some members of the staff to arrive before the usual office hours to open and sort the letters, so that this part of the work may be finished by the time of arrival of the staff generally. This can be done by appointing certain people to come early for the purpose, giving them either extra payment or some time allowance at other periods of the day ; or, as an alternative often adopted, arranging for members of the staff to take it in turns to come early, so that all share equally in this duty. The latter course has the advantage of obviating special financial arrangements or invidious distinctions ; on the other hand, this task, like most others, is done best by people who do it regularly and become thoroughly familiar with it, and the sorting in particular will probably be done more quickly and efficiently if generally carried out by the same persons. Whichever method is adopted, the principle of early post-handling should be adhered to, as the saving of time effected by it is very considerable.

The actual opening of the letters, like most other things in business, can be done mechanically if desired, as there are several machines on the market which will open envelopes very rapidly and efficiently. It is doubtful, however, whether their use is justified in such cases as we have in mind, where the number of envelopes may be

two to three hundred per day, of which probably one-third will be open. In any case it will be necessary for a senior clerk to run through the mail to pick out any private correspondence, and the remainder can then be dealt with either mechanically or by hand as the case may be.

The number of divisions into which the letters are sorted will depend upon the size and character of the business and the number of departments involved. The following may be suggested as a basis: (1) Managerial and secretarial; (2) Accounts; (3) Buying; (4) Estimating (probably subdivided into two or three sections); (5) Invoicing and Dispatch; (6) Works; (7) Orders. This will probably mean about ten divisions in all. It is easy to obtain sorting racks of either wood or metal which will enable the letters to be handled in a comparatively small space within easy reach of those concerned; and with clerks who are used to the work it should be possible to open and sort an average mail in twenty to thirty minutes.

The sorting completed, it is for the secretary to decide whether the letters shall go direct to the departments concerned or be subjected to a preliminary examination. The latter course is preferable, at all events as far as the more important sections are concerned.

The works letters will probably contain a number of complaints, most of them minor ones dealing usually with questions of delivery, but some perhaps important enough to justify the personal attention of the managing director or the secretary. To pick out anything of this nature takes only a minute or two; and such letters can be transferred to the secretarial division and the

rest sent through to the works in the ordinary course. It is advisable to have the order numbers marked on all letters relating to orders already in hand before they are sent to the works, as the latter are not usually in a position to trace them direct from the customer's reference.

It is also worth while to run through the orders received so as to get an idea of their contents, to see that any of special or urgent importance receive prompt attention, and to note any points relating to onerous conditions or questions of credit which may arise.

A glance at the inquiries for the various estimating sections is informative as to the general demand for the company's products and also gives an opportunity of dealing specially with any particularly important matter; and the travellers' reports and letters from customers in regard to outstanding quotations also merit examination, so that the estimates may be got out and investigated and revised figures submitted by wire or telephone if necessary. The buying department's letters are the last to receive attention; the whole of the correspondence can then be sent round to its respective recipients, and the routine work of the day begun.

It is often suggested in textbooks that a letter register should be kept, in which every communication received should be entered, and by which its progress can be traced until it is finally disposed of. Such a practice may be justified in cases where neither time nor money is of any great moment; but in a busy commercial office, where speed is essential and overhead costs an ever-present burden, it is hardly possible to carry

it out. Theoretically such a record may be both desirable and useful ; in practice it is an addition to the morning's work which is not justified by results. In the writer's experience it is very seldom that a letter fails to receive attention or is lost, although isolated cases do occur at infrequent intervals ; and the time and labour involved in entering every letter in a register would be out of all proportion to the value of the check it would afford.

The letters should of course be marked with a date stamp, either when opened or when received in their particular department ; this is important, as questions involving this point arise fairly often, and it is as well to have definite evidence available.

The secretary is now in a position to go through the comparatively small amount of correspondence requiring his personal attention, and to get together any information necessary for deciding points in question or discussing matters of policy with the managing director or other executive ; and here we may leave him for the moment to consider the general correspondence organization of the office.

CHAPTER III

ORGANIZATION OF CORRESPONDENCE

THE first point to consider in this connexion is whether there shall be a central correspondence department dealing with all letters sent out, or whether each departmental head shall handle his own letters. There is much to be said for both methods. A central correspondence section under a capable head correspondent should be highly efficient, as it deals only with this branch of work and specializes in it accordingly; it should avoid any overlapping, and prevent different letters from being sent out on the same day about the same matter; it should preserve a uniform method and style of correspondence and carry it through quickly and without gaps and rushes. On the other hand, the departmental head feels much more responsibility for his actions if he carries them right through to the end; he knows all the details of the matters he deals with, and can dictate the letters in full in very little more time than it takes to make notes of them for the use of the correspondence department; and where complicated technical questions are concerned, it is almost imperative that the executive writes about them personally. On the whole, the writer's opinion is that in an engineering or industrial concern departmental correspondence is preferable, if not essential.

Another question of importance is that of mechanical handling of dictation by means of one or other of the various dictating machines which

are on the market. These differ in detail, but are all based on the same principle, viz. that of affording a means of dictation on to a wax cylinder which can be passed to the typist, who "listens-in" to the cylinder and types the letter direct from it without the necessity for shorthand notes.

For the sake of those who have had no experience of dictating machines, the procedure may be outlined briefly as follows—

The letters and other material should be gathered together and gone through beforehand so that dictation, once started, can proceed continuously. A circular wax cylinder, tapered inside, is pushed on a metal mandrel shaped to receive it. A numbered scale parallel with the cylinder enables any point on it to be readily identified, and a printed pad similarly numbered provides a means of noting where letters begin and end, where corrections are made, and any other comments which may be necessary. The machine is run by a small electric motor, and can be connected either to a special plug or to the ordinary lighting system. A thumb-piece attached to the speaking tube enables the motor to be started and stopped at will. The dictator speaks into a glass mouthpiece fitted with a removable sanitary filter. As each letter is finished the papers are turned over in order and a line drawn on the pad at the number shown on the scale, so that the typist may know the length of the communication. Each cylinder as finished is put back into its case with the leaf from the pad relating to it; and the whole of the correspondence, with the cylinders, is passed out to the typist when complete.

So much for the dictator's part of the work.

The typist's part is fairly simple. The cylinder is placed on a similar metal mandrel on the transcribing machine, to which a pair of earphones are connected. The machine is run electrically, and the pace can be adjusted by setting a knurled disk, so that the dictation is reproduced at any desired speed. Further, a foot-button enables the machine to be stopped and started at will. The correspondence and dictation pad are placed so as to be easily visible, and the typist listens-in to a sentence and then types it, and so on to the end of the letter, keeping a sharp eye on corrections and notes on the pad.

Another question calling for decision is whether certain typists shall be allotted to certain dictators, or whether the work shall be pooled and handled by any girl who is at liberty. The writer prefers the first method as a general principle, as there is no doubt that a typist becomes accustomed to an individual's manner and phraseology, and in an engineering works especially different departments have their own technical terms which must be mastered if the work is to be done intelligently. At the same time, an unduly strict adherence to this practice results in an uneven distribution of work, as some girls may be practically idle while others are overwhelmed with letters. To overcome this, it should be clearly laid down that while one particular girl may be given a particular man's correspondence in the first instance, subsequent work coming in while she is busy shall be taken over by one of the others, so that the strain may be equalized as far as possible. With a little give and take in this direction it is fairly easy to organize the work so

as to gain the advantage of specialized knowledge without dividing it into watertight compartments—a practice which wastes a great deal of time in any office.

Loss of time in the early part of the day is a very frequent defect in correspondence organization. Most dictators are busy for the first hour or so in sorting out their letters and getting together the material for the replies; and unless some definite arrangements are made to provide the typists with work during this period the time will be wasted. This can be avoided to some extent by allotting them some stock work such as orders, invoices, circulars, etc., which can be done without calling upon the dictating staff.

In this connexion the importance of early dictation may be emphasized. Only too often whole mornings are spent in comparative ease, while the afternoons are a wild rush to get the work done, often ending in considerable overtime, involving errors and scamped work and frequently a good deal of irritation and bad feeling. This can usually be avoided by the exercise of a little foresight and care; and if it is clearly understood by all parties that late work from this cause will not be allowed, the necessity will generally vanish, as habit is more responsible for it than anything else.

CHAPTER IV

CORRESPONDENCE—SECRETARIAL AND ESTIMATING DEPARTMENTS

THE two principal correspondence departments are the Secretarial and the Estimating; and the handling of correspondence by these two sections may now be dealt with.

SECRETARIAL CORRESPONDENCE

If we take the secretary's own correspondence first, the primary essential to bear in mind is that it should be as small as possible. All routine letters should be dealt with by the departments to which their contents relate, and the secretary himself should transact only correspondence appertaining to questions of policy, private matters affecting the appointment, salary, or duties of members of the staff, agents, travellers, etc., legal questions, overdue accounts, financial matters, or complaints of a serious nature. There will also be a certain amount of correspondence affecting trade organization and important questions of principle emanating in the first instance from the Board or the managing director which it will be necessary to keep in his own hands, besides letters relating to share matters, transfers, dividends, etc. Advertising matters, too, will probably fall to his lot. Speaking generally, however, his personal mail should not be heavy, as it is imperative to keep himself as free of detail work as possible if proper attention is to be given to the organization and supervision of the commercial side of the business as a whole.

A word about complaints may be advisable. All firms get complaints at times, sometimes justified, sometimes not; and it is dangerous to leave them to departmental handling, as the department concerned is often more anxious to prove that it is in the right, and that the complaint is ill-founded, than to look at the matter from the customer's point of view and conciliate him if possible. This applies particularly to works departments, which are usually not in touch with the commercial aspects of the business, and are apt to set out to prove that they are not in the wrong, however strong the evidence to the contrary may be. This little weakness is generally recognized, in the engineering industry at all events; and in the case of a large firm with which the writer was formerly connected it was laid down as a principle that the works were never to reply to letters of complaint from customers, all such matters being handled by the commercial side, the works merely furnishing such information as might be necessary. This is perhaps carrying the matter to extremes; but there is a good deal of reason for such an attitude. A man who has—or perhaps only thinks he has—a legitimate grievance is easily antagonized, and a valuable customer may be lost for ever through a rigid attitude and a finely drawn argument. There are often cases where the acceptance of a returned article or the issue of a small credit note will smooth matters over and retain a client who is inclined to close the account and go elsewhere for his requirements. Such cases need careful handling, and it is necessary to use calm judgment as to the soundness of the complaint, the value of the account, and the extent of the concession necessary, if any.

Some firms avoid any trouble in these matters by adopting the maxim "The customer is always right," and giving in to every claim made against them on the ground that it is good business to do so. This is carrying matters to the other extreme, and is liable to prove very expensive, especially with unscrupulous buyers; and the golden mean, though more difficult to decide, is a safer and more economical course to adopt. For these reasons it is often advisable for the secretary to deal personally with such questions, as having no responsibility for technical details of production on the one hand, and knowing the value and relation of the customer to his firm on the other, he is in a position to decide upon the best policy to adopt in the interests of his employers.

The investigation of complaints has also its other side, which is often equally important. Repeated grumbles from customers regarding one particular point are generally a fairly good indication that something is wrong in that direction; and a quiet and tactful conversation with the person responsible will frequently lead to an amendment of practice which may obviate such complaints in future. The gradual weeding out of weak points in that way is often of great benefit to the company; and the secretary should keep a sharp look-out for recurring complaints, and endeavour to strengthen the general organization directly or indirectly so as to remove the cause.

THE ESTIMATING DEPARTMENT

The principal correspondence department in many ways is that devoted to estimating and quoting. It is usually the largest, and is foremost

in importance in view of the fact that it is the order-getting section of the business; and as most engineering firms rely chiefly on correspondence for their orders, the estimating department deserves—and generally receives—the special consideration of the management. Its staff, both male and female, is of higher intelligence and technical skill than that of other sections, and is usually paid accordingly; it has the best machines and uses the best stationery, and frequently has the best accommodation and equipment.

The department may be conveniently divided into three sections: (1) that dealing with special inquiries, erection work, or complete installations, each of which has to be dealt with on particular lines; (2) that dealing with standard products of the firm, where prices are usually fixed and the quotations repetitive in character; and (3) that dealing with factored articles of one kind and another, where the work largely consists of obtaining prices from outside sources and adding agreed percentages to them.

It will be obvious that section 1 has the most difficult task of the three. "Specials" may be of any size and type. They may vary from one single article to a complete installation of plant or machinery comprising hundreds, or perhaps thousands, of detailed parts; they may be already listed or scheduled ready for pricing; or they may be contained in blueprints, often faint, frequently incomplete, sometimes merely diagrammatic and on a very small scale, which may involve days of eye-straining and brain-tiring work to interpret, schedule, and collate. The estimator, though not necessarily a trained draughtsman, should have

had some drawing-office experience, and be able to read drawings accurately and rapidly ; he must have considerable engineering knowledge, both of a general type and with reference to his firm's particular products ; he must be quick and reliable at figures ; and he must be able to dictate fluently and clearly, and to draw up his quotations in such a way as to make them attractive to the eye and complete in detail and description.

The usual method is to extract the detailed items from the drawings and schedule them on what is known as estimating paper—feint-ruled single sheets, slightly larger than foolscap size, ruled vertically in red with columns for weights and cash. Each item is set down and priced, usually by weight or measurement. Items regularly produced by the firm will probably be priced from existing cards or schedules ; special items will be made up by combining figures of operations or products, or obtaining figures from the cost department or works where necessary. Items not made by the firm at all—and there are usually many such in a large tender of any kind—will be based on replies to inquiries sent out to the actual makers.

Only the quantities and prices need be inserted in the department ; the working-out of all figures, including addition, can be done by one of the many calculating machines on the market. When the total has been obtained, the actual figure to be quoted has to be decided ; and while in the ordinary course it will be somewhere about the total arrived at on the above basis, there are many cases in which special considerations have to be taken into account. The amount or keenness of competition in any particular line ; the quantity

of work in the shops at the time, or likely to be going through when the order is received; the value of the class of business to the firm, and the margin of profit obtainable on it; the firm's relations with the customer, and the possibility of getting a chance to revise if necessary—all these may affect the final figure. And then only too often, after hours of labour have been spent on a complicated estimate, a fresh set of drawings will be received with an intimation that "slight" alterations have been made and a revised price is desired; and the whole sequence of operations may have to be gone through again, perhaps to find that the whole arrangement has been altered, perhaps that it is so nearly the same as not to justify the time and trouble involved in the second analysis. Nothing, however, can be taken for granted. Pitfalls occur in the most unexpected places, and a small figure unnoticed may mean a heavy loss. In this connexion reference may be made to a practice some firms adopt of sending drawings containing several alterations and calling attention to only one or two of them. The unlucky estimator deals with the alterations mentioned and presumes that the other details remain the same. When the order is received and the work put into the drawing office the other alterations are found, perhaps involving a heavy increase in cost. Application to the customer invariably elicits the reply that revised drawings were sent and that the tender should have been based upon them. *Verb. sap.!*

One point to watch in connexion with pricing estimates is where and how the essential records are kept. Definite arrangements should be made

for all important figures to be scheduled on cards or sheets and kept up to date, so that in the absence of any of the staff through illness or on holidays the work can be carried on without undue difficulty or loss of time. Estimating clerks frequently carry a great deal of information in their heads, and this practice is rendered more common by the fact that this class of work automatically trains the memory, and a good man will often price a complete estimate without referring to any figures at all. There is consequently a tendency to rely on memory unduly, and not to "waste time" in making records—a practice which may work quite well when the regular estimator is there, but is liable to cause catastrophic results in his absence. The writer has known of cases where it has been impossible to send in quotations for certain goods during the absence through serious illness of a senior estimator; and holidays in this department are often a bugbear simply because essential facts and figures are not systematically recorded.

The necessary figure work having been completed, the next step is the compilation of the tender. Many points require consideration in this task. The quotation should be well set out and paragraphed, so as to be attractive in appearance and easy to read. Nothing is more formidable and unprepossessing than pages of closely typed technical matter without a break of any kind, the facts and figures all being confounded in a mentally indigestible mass. On the other hand, it is well to avoid the practice of making a different paragraph of every sentence—an absurdity sometimes

heightened by a number being placed before each such division.

Clear description should be the aim, giving full detail without unnecessary verbiage. Figures, and particularly prices, should stand out boldly. It is a good plan to show the price in a line by itself, and in red ink if possible. The essential feature of any quotation is the price; and if the customer has to hunt for it amongst a conglomeration of words and figures it does not create a favourable impression.

Exaggerated or inflated claims should be avoided, and reasonable times stated for delivery. How often a careless or over-sanguine estimator involves the works in serious difficulties through promising deliveries which cannot possibly be carried out! Minor points such as accuracy in names and addresses, references, dates, etc., should receive careful attention. It should never be overlooked that a new customer will judge the firm largely by the quotation; and, other things being equal, a well-compiled and attractive tender will go far toward securing the business.

The above remarks apply particularly to quotations for "specials"; ordinary standard goods can usually be quoted for on printed forms with a minimum of wording, and quotations for factored articles are often merely copies of the tender sent in by the actual makers slightly altered or "touched-up."

The organization of the department should be such as to ensure that all inquiries are answered with the minimum of delay. Wherever possible, quotations should be sent by return of post, but this can be done only in the case of standard articles or simple special inquiries. It is a good

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practice to keep a quotation register (see specimen ruling), in which brief particulars of every inquiry are entered daily under a serial number, a column being provided in which to insert the date and value of the actual quotation. A glance through this register will reveal at once how many inquiries are outstanding at any particular time; and a closer examination will show how long is usually taken to quote and will afford an opportunity

QUOTATION REGISTER

Date of Inquiry	Name	Details	Date of Quotation	No. of Quotation	Value (£)	Order Received	Order Lost	Remarks

of strengthening any weak sections. If further columns are provided for the date and value of orders received against quotations, it will make the register a fairly complete epitome of the amount and value of the work of the department, and afford a basis for the compilation of a summary, say monthly, showing the proportion of the value of orders received to quotations sent out for various classes of work, thus giving the management useful information as to the sections in which they are doing well or losing business, as the case may be.

Where it is impossible to send a detailed reply to an inquiry for a few days, a card should be sent acknowledging its receipt and promising prompt

attention. Nothing annoys a prospective customer more than to feel that his inquiry has been ignored, unless it is to receive a favourable price the day after he has placed his order elsewhere at a higher figure!

Close co-operation should always be maintained between the estimating department and the works, so as to ensure that deliveries are promised which can be reasonably maintained, that special efforts are made to obtain orders for classes of goods which may be particularly desirable for reasons of slackness or otherwise, and that suitable methods of manufacture are put forward. How often the estimating side go on daily quoting impossible deliveries when the works are already so congested that they do not know which way to turn, while in other departments they may be crying out for work! Price, too, is an important factor in this connexion. Every firm has its own basis upon which it quotes in the ordinary way; but some measure of elasticity is often advisable, and a slight reduction will frequently help to fill a slack department, while, conversely, higher figures may well be quoted for articles to be made in sections which are already over-full, or which require a great deal of drawing-office work or special shop supervision.

Regular conferences on such matters with the works management are very desirable, or at all events some form of liaison which will keep both sides in constant touch. Too often works views are entirely ignored by the estimating side, with the result that friction arises, and each side endeavours to throw the responsibility on the other when the inevitable trouble comes. The writer has known

of cases in which the works have absolutely refused to deal with letters from customers about delivery on the ground that promises had been given by the estimating department without consultation with them, and consequently they would accept no responsibility in the matter. Such a state of affairs can only be harmful to the business as a whole, and can be easily avoided by a little friendly collaboration and interchange of views.

CHAPTER V

FOLLOWING UP

To send the quotation is one thing; to get the order is quite another. Some method of following up is essential; the particular course adopted will depend largely on the class of customer and the general organization of the business. Some firms depend chiefly on correspondence methods, some on travellers or agents, some on branch offices, some on a combination of all these means. The last is perhaps the most usual, and will be taken as the basis of the following remarks.

To begin with, it is essential that copies of all quotations should be promptly sent to any outside parties concerned. In most cases the country is divided into areas, each worked by a traveller or agent; and it is a fairly simple matter for the typist to insert the representative's name on his copy, so that it may be included in his daily mail and received by him at the same time as it reaches the prospective buyer. To ensure this, definite arrangements should be made for every traveller to inform his firm in advance of his probable movements for the ensuing week, so that an envelope may be addressed each day to reach him the following morning. Frequently some kind of colour scheme is adopted for such copies, particularly in the case of branch offices or district agencies; and this method is very useful so long as it is confined to a few primary colours. If unduly extended it becomes so complicated as to be unwieldy and difficult to work.

Only too often the dispatch of the copy to the representative is the beginning and end of the follow-up arrangements; but this is simply leaving things to chance. However capable and energetic the outside men may be, it is essential to keep a check on quotations and see that every possible effort is made to turn them into orders. This can conveniently be done by opening a card for each customer, on which is entered daily brief details of the quotations sent out—merely the date, short description of goods, and value. The cards can be kept in alphabetical order, divided up as desired—into areas, towns, countries, etc.—each section being marked off by a guide card. Spaces can be provided in which to enter whether the order is received or lost, and also a space for remarks in which can be noted the dates of the representative's calls and their results, or the reason for the loss of order—price too high, delivery too long, or whatever it may be.

The top of the card may be divided into thirty-one small divisions representing the days of the month, and small clip-on metallic tabs affixed at any date desired. These can be made in assorted colours to denote quotations from different sections or for different types of goods. Such a tab can be affixed at a point, say seven days, ahead of the date of quotation, and will provide an automatic reminder to follow the matter up if nothing has been heard of it in the interim. If the order is received or lost, the requisite entry can be made on the card and the tab removed; if an indefinite report is received, it can be put forward for a further period. Looking along the tops of the cards, the tabs signifying any particular date will

be seen all in a row, and it is a simple matter for a girl to take out all the cards so tabbed and pass them to the person in charge for attention. The representative can then be written to or the customer communicated with direct as desired; or if it is thought advisable the tab can be put forward for another week or so.

Such a system, if regularly and efficiently worked, should ensure that every quotation is followed up in one way or another. The cards will also show what quotations have been sent and the proportion of orders received or lost, with the reasons for the latter, and will thus furnish a valuable guide to the business relations with each customer, and reveal any weaknesses that may exist. Further use can be made of them by inserting particulars of the customer's financial standing, and also a quarterly summary showing the total business done over a period of years.

A periodical review of the cards by the secretary or a responsible deputy will often result in steps being taken to regain customers who have fallen away, or investigate cases where business is being lost regularly; and time so spent will be well repaid. The case comes to mind of a large firm where such a system of card entries was in force, entailing the use of a special room, many cards and cabinets, and the services of two or three girls, without the cards ever being used for following-up purposes or consulted by any one in authority—a waste of time and money which could not possibly be justified. Unfortunately such cases occur only too often. Systems are started, used regularly for a time, and then drop into disuse; but the expense still goes on, perhaps indefinitely.

If, as is usually the case, the representatives are paid partly by commission on orders secured, it may be thought that it should not be necessary to work a system of this kind; but this is by no means the case. Frequently they are unmethodical people who will overlook or forget quotations unless reminded from headquarters; and they are often liable to avoid difficult places and difficult people so long as they can secure business in other and easier directions; while the mere knowledge that such a system exists is often a spur to action. It must not be forgotten that representatives are often in a position to obtain valuable information as to other prices quoted or alternatives offered, which may help a good deal in obtaining orders; and they should be encouraged to report fully in respect of unsuccessful quotations, giving the reason for failure and if possible the name of the successful competitor, so that the trend of prices and trade generally can be carefully watched. Often more is learnt from failures than from successes; and the representative who merely reports that an order has "gone by" is not of much assistance to his principals.

It is a useful practice to keep unsettled quotations in the department for a limited period, say three months, so that they may be readily available if a report comes to hand or a telegram or telephone message is received. A cabinet can be reserved for this temporary purpose, and the quotations transferred at the end of every month to their permanent quarters in the central filing room.

Other departments have their own correspondence and following-up problems, but none of them

is so essentially a correspondence department as the estimating section ; and questions of this kind will therefore be dealt with in connexion with their general organization.

CHAPTER VI

FILING

BEFORE leaving the subject of correspondence it is necessary to consider the question of filing—a routine matter, perhaps, but one which is of vital importance to every industrial concern. Endless trouble and waste of time and money may arise if letters cannot be found promptly when required; and it is well worth the secretary's while to give the filing organization special consideration, and ensure as far as possible that it shall be efficient and foolproof.

It will be taken for granted in the following remarks that the letters are filed in the ordinary modern way, i.e. the inward and outward correspondence placed together in date order in manilla or other folders, which are kept vertically in wooden or steel cabinets specially designed for the purpose. This being conceded, the first point to consider is how the files shall be indexed so as to be quickly and easily found when required. There are two main systems in vogue, numerical and alphabetical, although certain combinations of the two are adopted here and there.

If we take the numerical system first, we find that the method entails a distinguishing number being given to each correspondent, this number being inserted on a tab projecting slightly above the body of the folder, and an index of the numbers contained in each drawer shown on a tablet let into the front of it. This provides an easy means of tracing a folder once the number is known; but

it is of course necessary to provide some kind of index to the numbers, as correspondents are always identified by their names in the first instance. Here lies the chief drawback to the numerical system. While the basis may be numerical, an alphabetical index is absolutely essential; and this means double work, firstly in numbering the folders and compiling an index as well, and secondly in numbering the letters from the index before they can be passed away. The index is usually compiled on loose cards kept in trays or boxes, or made up on one of the many visible or semi-visible systems now on the market; and it must be kept up to date and in legible condition, or delays and errors in numbering letters will inevitably occur.

With the alphabetical system, on the other hand, no index is necessary, and the labour of compiling it and of numbering the letters is saved. Against this, the name must be written in full on every folder, and in addition it is usual to enter it again on the guide cards which are inserted at frequent intervals in the cabinets to separate the sections of the alphabet. Names are not so easy to follow as numbers, and errors in passing the letters away are more likely to occur. Again, the numerous guide cards required in a large installation tend to fill up the cabinets and make the system very unwieldy in practice.

Combinations of the two systems are also in vogue, i.e. alphabetical systems with numbered individual folders, the index to the latter being inserted on the guide card for the section. This obviates the necessity of reference to a separate index, but is just as bulky and unwieldy as the purely alphabetical arrangement.

Miscellaneous letters present rather a difficult problem. It is impossible to open a separate folder for every casual correspondent; to do this would increase enormously the bulk of the files and the number of names in the index, in addition to the extra labour involved. In nearly all such cases the letters are filed in date order under the first letter of the name, the folders being divided as necessary to accommodate the letters satisfactorily. Care should be taken to open an individual folder when the correspondence with any firm warrants it, and to take out all such letters from the miscellaneous folder, or correspondence will be hard to trace and the collective folders uncomfortably bulky. Foreign letters are especially troublesome, as filing clerks invariably misunderstand the names, and the initial letter used may be anything but the correct one.

Whether the method adopted be the numerical or the alphabetical one, the same general principles apply. The first essential is plenty of room and light. If possible long desks under good windows should be provided, with the filing cabinets directly behind, so that the letters can be sorted into different heaps opposite their respective cabinets and transferred quickly and easily. It is astonishing to find how often any odd corner is considered good enough for the letter filing. In one case the writer saw the filing being done on the darkest corner of the typing desk, where only about three feet of space was available; and the heaps of sorted letters had to be put on top of one another until they could be passed away, causing endless confusion. To make matters worse, the cabinets were so close behind the typists' chairs that they

could be fully opened only when the typists sitting opposite were away at dictation; and every time a typist came by, the cabinet had to be closed while she passed. Such an arrangement—or lack of arrangement—renders good work impossible.

The cabinets should be raised a few inches from the floor, so that the lower drawers are easily accessible. This may seem a small point, but anyone who has tried to handle heavy drawers full of letters at the floor level will appreciate its importance.

The indexes, if any, should be clearly typed. Too often they are made out in ink or pencil, and rendered indistinct by careless writing or long usage. It is well worth while to have any card re-typed as soon as it becomes finger-marked or worn, as correct numbering of letters is all-important. A letter filed under a wrong number is lost for all practical purposes; and if important its loss may mean going through every drawer and folder—a proceeding entailing many hours, perhaps days, of work and delay. Strong guide cards, well subdivided, save a great deal of time, especially when a new filer is handling the work, and they are quite inexpensive.

Every folder should be clearly named or numbered; and it should be the invariable rule for the filer to see that the letters already in the folder are from the same correspondent, or on the same subject, as those to be inserted. This is a valuable check on the filing; and while it may entail a little more time at the moment, it ensures accuracy, which is the great essential in filing.

A rather vexed question is whether the letters should be fastened or left loose in the folders.

Theoretically there is no doubt that they should be fastened in ; practically this has its difficulties. Letters take much more time to pass away if every one has to be fastened in ; they frequently do not come to the filing room in date order, and to unfasten several letters and insert one some distance back is a troublesome process. If any form of fastening is to be used, it should be easy to undo and take up little space. A bulldog clip passed through a hole in the back of the folder possesses the first requirement, but is rather bulky. Many firms take the line of least resistance, and simply place the letters loose in the folders—the quickest and cheapest way, but very unsatisfactory in many respects.

No letters should ever be placed loose in the cabinets, between the folders. Some filers have a habit of doing this if a file is out ; but it is a very dangerous practice, as they are liable to be overlooked when the file is returned, and crushed at the bottom of the drawer. In all cases of absent files the letters should be put in a special basket for the time being, and put away later in the usual way.

A note of files given out should always be kept. In many offices files are issued only against signed dockets ; and these dockets are either placed in the drawers under the file numbers, inserted in the index cabinet, or kept in a clip. Sometimes the files are signed for in a book. The method adopted is immaterial so long as it is strictly adhered to and the files promptly hunted up ; but some system of the kind is essential, as it is otherwise frequently impossible to trace missing folders.

It should always be clearly understood that no

one but the filing clerk is to touch the cabinets. Too often the correspondence clerks make a habit of hunting through the folders; and as they are not responsible for the cabinets, and are concerned only about finding the document they require, they are liable to leave things in great confusion. Besides, the time of a correspondent should be too valuable to be spent in this way. The filing clerk should be held responsible for finding any letter that may be wanted, and the task should be left entirely to her.

The storage of old letters is usually a rather troublesome matter. Too often the folders are simply heaped on open shelves without any marking or means of identification, and accumulate dirt and dust until it is both difficult and unpleasant to handle them. It is far better to transfer the folders to cardboard storage cases, clearly numbered and dated, and to destroy periodically letters which are over (say) five years old. Annual transfers are sufficient in most cases; and if folders of different colours are used for different years it enables the date of any folder to be recognized at a glance.

Lastly, the personality of the filing clerk is very important. The work is frequently entrusted to any junior who may be available; but this is simply courting trouble, as young girls have not usually the sense of responsibility and strict accuracy which is absolutely vital, and they also tire very quickly of the monotony inseparable from this task. It is also a mistake to put a shorthand-typist in charge of the letters. She is practically certain to feel before long that she is losing touch with her own work, which has probably taken her

years to learn; and a spirit of restlessness is engendered which leads to carelessness and dissatisfaction. The ideal filer is a woman of fairly mature years who, under the stimulus of a reasonably good salary, will settle down to a routine job and stick to it, and, moreover, will be able to hold her own with any members of the staff who may wish to break the regulations. Stinginess in the filing department invariably means more expense elsewhere; and the truest economy is to pay more in this direction and save the trouble and time of the more highly paid members of the staff.

It is assumed in the above remarks that the filing is centralized in one room. In some offices each department retains and files its own letters; but this entails much duplication and overlapping, and renders it difficult to obtain the complete correspondence with any client. It is often necessary for letters to be kept by departments temporarily, until some question at issue has been cleared up; but it should be understood that the permanent home of all ordinary correspondence is in the central filing room. The secretary will have to keep a certain amount of private correspondence under his own control, and there will have to be special provisions for keeping deeds, agreements, insurance policies, and similar documents; but these are only the exceptions which serve to prove the rule.

CHAPTER VII

THE ORDER DEPARTMENT

THE next department to be dealt with in order of sequence is the order department, which, as its name implies, deals with the orders received day by day.

In most offices it is the practice to keep some more or less formal register of orders in chronological sequence, usually provided with dissection columns for the different sections of the business

ORDER REGISTER

Date	Trav. No.	Name	Details	Cus- tomer's Order No.	Works Order No.	Esti- mate No.	Value (£)	Date of Dis- patch	Remarks

and totalled daily and monthly, so as to provide a current record of the amount of work coming into the various departments. If the orders are very numerous a card summary may be made up instead of every individual order being entered. Such a record will be a valuable guide to production, and if compared with the records of goods dispatched will show approximately the quantity of work in hand and whether it is increasing or falling. A specimen ruling of an Order Register is shown.

Before any order is passed for execution the financial status of the customer should be verified, so as to ensure that no goods are supplied on credit to buyers of doubtful standing. In the case of firms already on the books this is a fairly simple matter. If a steady business is being conducted with regular customers probably most of the orders can be passed at a glance, their names being well known to the secretary or clerk in charge. Where this is not the case the matter should be referred to the ledger department so that previous transactions can be looked up. In the case of firms doing business with a very large number of small customers it will probably be impossible to rely upon memory at all, and all orders will have to be passed to the ledger clerks to be approved. If a statistical card containing financial details is kept for each customer, the orders may be passed from this. If there have been no previous transactions financial books of reference may be consulted, or an inquiry put through some agency. For a fixed subscription most inquiry agencies supply a weekly journal giving details of bankruptcies, bills of sale, company liquidations, etc., and also books of forms on which to make individual inquiries. Many customers object to being asked directly for trade references, and bankers' references are of very little practical use, so that the inquiry agency provides the best means of obtaining fairly reliable information.

The next point is to see that the order contains no conditions which are not acceptable or are contrary to the terms of the quotation. This is a very important matter, as many firms seek to impose conditions of their own, frequently printed

in very small type on the back of the order, which might involve the supplier in risks and obligations which were neither expected nor intended. Most trades have their own general conditions of sale which are recognized throughout the industry, and usually no conditions conflicting with these will be accepted. Penalty clauses and guaranteed deliveries in particular should be avoided whenever possible, and also options to cancel specially made goods at the wish of the buyer. No general rules can be laid down, as conditions differ widely in different industries; but the principle is a simple one, and should be kept well in mind.

In this connexion suppliers should always ensure that the last word in regard to the acceptance of an order rests with them and not with the buyer. It must be borne in mind that if a quotation is so worded as to constitute a definite offer of the goods without any condition as to acceptance, and the order is sent in proper course by the buyer, the contract is complete even if the order does not reach the supplier. It is thus possible for the latter to be legally bound by an acceptance of which he knows nothing, and which may involve him in a heavy responsibility. To avoid this, most firms word their quotations so as to form a mere intimation of the price of the goods in question, with a definite intimation that no order is binding until accepted by them, thus pushing the whole transaction one stage further forward and making the order the legal offer and their confirmation the legal acceptance. Such a practice is only a reasonable precaution and should be generally adopted, except in the case of formal tenders to Governments and many municipal departments, which

must perforce be phrased as definite offers in the first instance, as no others will be accepted by such buyers.

The next step is to issue the order to the works or warehouse for the manufacture and/or dispatch of the goods. The methods adopted vary greatly in different industries, and even in different cases within the same type of industry; but certain principles are generally observed. The original order is seldom sent into the works; most firms have their own standard order forms to which the details are transferred, and sufficient carbon copies are made to serve all purposes, so that the official order may be filed and safely preserved for future reference if required. This method involves a certain amount of extra work at the outset, but it has some very great advantages. Works departments are liable to lose papers, especially when their task is fulfilled; and while the loss or destruction of a copy is not important, that of an original document might be a very serious matter. Again, customers seldom state their requirements in the exact terminology used in the factory; and when orders are typed out names and descriptions can be altered where necessary to avoid confusion or misunderstanding. The opportunity is usually also taken to group the products of certain works sections together, so that each foreman can see at once what his section has to supply; and grouping for invoicing purposes is also frequently effected, so that all items subject to similar terms or discounts are together. Again, many firms do not care for their workers to know the names and addresses of their customers, and these details are often omitted from the works copies, and entered

only on those required for the warehouse or dispatch department. For these and other reasons the use of internal order forms is certainly advisable.

It is obvious that this practice entails a certain "lag" in getting the order into the works, and every endeavour should be made to make this interval as short as possible, so that all orders, for stock goods especially, may be dispatched without delay. In some offices the order staff attend at an earlier hour than the other departments so as to expedite this work; and in any event arrangements should be made to ensure that typists are available to get on with their part of the procedure as soon as the orders have been passed for credit and edited by the order clerk.

The method of issue and number of copies required will depend largely on the type of product and the general organization. There will certainly be a copy retained in the order department as a permanent record, usually bound up consecutively in a loose-leaf binder and transferred to a transfer case as completed, so as to avoid continual handling of dead matter. In the case of important orders for special goods, it may be considered preferable to keep them permanently in their binders to obviate any risk of misplacement or loss. In either case they should be carefully indexed so as to be easily traceable, and regularly lodged in a safe or fire-proof cabinet at night, as they usually form the only complete record of the firm's commitments.

Sufficient copies should be sent into the works to enable every section to deal promptly with its own part, and care should be taken that all works

copies are perfectly clear, in both contents and typing. It is fatal to send blurred carbon copies of figures into the works, as they quickly become dirty in most cases and are often worked from under bad conditions or in a poor light, so that it is essential that everything should be plain and straightforward to start with.

Where orders are very simple and can be dispatched in one lot from stock or at short notice, arrangements are often made to type the advice and invoice at the same time as the original, and thus save time and labour at a later stage. This, however, is possible only in comparatively few cases, as where orders are at all complicated or are sent off in several consignments it is impossible to use duplicates in this way.

CHAPTER VIII

DISPATCHING AND INVOICING

THE progressing of the order in the works is a matter which is invariably under the control of the works manager, and is not the direct concern of the secretary. There should be such an organization as will enable the order to be readily identified and its position ascertained without delay, so as to ensure delivery to time as far as possible, and to enable prompt and accurate replies to be sent to inquiries as to delivery dates or complaints regarding delay. Letters of this kind should be marked by the order department with the works order number for easy identification. In some cases they are answered by the works department; in others the material for the reply is sent to the order department, which transacts all correspondence on the subject. If the works department is properly equipped to deal with correspondence it is perhaps best for it to handle routine matters of this kind, as being best acquainted with the facts; otherwise it is preferable to relieve it of all responsibility for letters, and for the office staff to collate the necessary information and send the replies.

In this connexion it might be well to outline a simple system of keeping a progress record in the office as a check on both the works and the buying organization. This can be done without much labour by making a rough entry of each order as received on foolscap sheets ruled as on page 52. The entries need be made only in the very briefest form, and ruled through as the orders are dispatched;

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and such a record will enable a watch to be kept on orders which “hang fire” for no apparent reason, and also on the deliveries of purchased goods which are essential for their completion. The sheets can be sectionalized according to the departments concerned, and if made up day by day will not involve much clerical work. The works and buying department will of course each

PROGRESS RECORD

Date	Works Order No.	Name	Date Due	Value (£)	o/o Goods	Date of Dispatch	Remarks

keep their own detailed particulars; but an independent check of this kind will often be found exceedingly useful.

ORGANIZATION OF DISPATCH

The organization of dispatch is a question presenting many difficulties. In older and more leisurely days, when the railways were practically the only means of transport and customers allowed a reasonable period for the dispatch of their orders, it was very largely a routine matter; but with the development of road transport and a more impatient spirit in the mind of the buyer, things have become more complicated and hurried, and the work of the forwarding department calls to-day for a good deal of ability and keenness.

There are usually three methods of transport from which to choose: (1) Dispatch by the firm's own vehicles, usually within a fairly short compass and on certain days or at certain hours; (2) The use of hired lorries, either specially engaged for the journey or taking the goods in conjunction with other traffic; and (3) Railway carriage.

The first method is simple in that it does not involve any special arrangements for the use of vehicles or questions as to terms; but it requires close co-operation with the works to ensure that goods are ready for dispatch when the lorry is making its journey, and, on the other hand, that journeys are arranged to fit in with the works programme where possible. Full statistics of cost of running, repairs, replacements, etc., should be kept, or this procedure is likely to prove more expensive than hiring.

The third method has also the merit of simplicity, charges being standardized and the goods merely having to be sent to the station before closing time. Where there is a choice of railways it may prove more advantageous to use a particular route in some cases; and the much-abused "Green Arrow" service sometimes speeds up delivery, although attempts are frequently made to apply it where it has little practical effect.

Method No. 2, however, is the one which offers most scope to the capable and energetic dispatch clerk. The charges of road carriers are almost infinitely variable, the cost of special journeys with light loads being exceedingly high, while a heavy load carried either on a return journey or by a lorry which has a back load already booked can be arranged at far less than railway rates. Many road

carriers have lorries running regularly on certain routes, and are only too glad to get other loads which they can fit in; and lists of such firms and their programmes should be compiled and consulted before special lorries are booked. A good dispatch department will save considerable sums in this way, besides quickening up delivery in many cases, road traffic being often much quicker than rail, and having the additional advantage that dispatch can be made at practically any hour of the day or night, thus rendering it possible to spread the packing and forwarding over the whole of the twenty-four hours. On the other hand, there are many destinations to which rail carriage is much cheaper than road transport, and quite as speedy; so the ideal dispatch clerk will carefully weigh up the merits of the respective systems in each individual case—no easy task where many consignments to all parts of the country, or indeed of the world, are involved.

A collateral duty of the dispatch clerk is that of checking the railway companies' freight accounts, which is a task of no little complexity, in view of the many classifications and special rates in use. Money can easily be saved—or lost—in this direction; and a good knowledge of railway systems and methods is invaluable.

Arrangements should be made for a daily return from the warehouse of orders dispatched on the previous day, which should be checked with the duplicate consignment notes or delivery tickets prior to the dispatches being marked off in the order books and the invoices made out. Under no circumstances should any goods be sent out from the works without an order number being first

issued from the office. Advice notes should be posted on the day of dispatch of the goods wherever possible, but frequently this is impracticable, as the necessary details cannot be collated in time, especially where large orders with many individual items are concerned. In such cases a general advice should be sent, followed next day by a further advice or invoice giving full details. Some firms do not send advice notes at all, but make a practice of posting the invoice on the date of dispatch; but this is not a practical proposition in the case of most engineering supplies, and is also subject to objection at the receiver's end, as many firms do not care for a priced invoice to be treated as an advice note.

INVOICING

Invoicing is chiefly a matter of careful organization to secure the two essentials of promptitude and accuracy. Usually the prices are entered on the order copy sent up from the works, and the extension calculations carried out mechanically, forming a rough copy from which the actual invoice can be typed. If the invoices are largely on the same forms considerable time can be saved by the adoption of one of the many kinds of continuous stationery on the market; and another device for speeding up the work is to type the invoices entirely in capital letters by the use of a special keyboard, so as to save the continual changes of key which are unavoidable when this class of work is typed in the ordinary way. There are also several kinds of special machines for typing invoices which can be adopted where the output is sufficient to justify their purchase, and

many will furnish a self-checking total which will obviate errors in addition and give a daily total value of all invoices typed. It is now an almost universal practice to use the bound copies of invoices as a sales day book and post direct from them, thus doing away with any intermediate entries.

Where a foreign trade is done an entirely fresh set of considerations is involved in the invoicing work. For one thing, special forms have to be used for many countries, usually with certificates printed or typed on the back, and often separate certificates of origin must be furnished, signed by consuls or Chambers of Commerce. Again, tariff variations often necessitate special finishing or packing in order to comply with the rules in force in particular countries. The all-important question of payment, too, must be carefully watched. Where monthly or other periodical terms of payment are given, as is often the case in dealing with regular and well-established foreign customers, the shipping documents can be sent direct; but where payment is to be made against the documents special arrangements are necessary.

Frequently the whole of the papers, i.e. invoices, shipping specifications, insurance policies, and bills of lading, in such numbers as may be specified, are handed to the senders' bankers and forwarded by them to their agents at the port of arrival, to be handed over to the consignee against payment for the goods. Sometimes a bill of exchange is sent with the documents for acceptance or payment by the buyer, either at sight or at some pre-arranged term. In cases of shipment to near European ports, where transit is only a matter of

hours, trouble is often caused by the goods arriving before the documents, with the result that delivery cannot be taken at once, and handling or storage charges may be incurred. In such cases it is advisable to arrange with the shippers for the bills of lading and insurance policies to be sent direct by them to the bank or agent on the other side, so as to avoid a day's delay. The invoices and shipping specifications can be sent on a day or two earlier, and married up with the other documents on the arrival of the latter. In these difficult times special attention should be paid to the question of import permits or quotas, restrictions on remittances, etc., as otherwise consignments may remain undelivered or unpaid for a long period, and depreciation in the goods themselves or changes in the rate of exchange may result in heavy losses.

CHAPTER IX

THE ACCOUNTS DEPARTMENT

It is not intended in this chapter to enter into a detailed description of the book-keeping work of a manufacturing concern, but merely to indicate some points of organization and procedure which call for the particular attention of the secretary.

Most modern offices are equipped with one or other of the many kinds of ledger-posting machines so widely advertised, of which the two great advantages are speed and accuracy; and the chief points for the secretary to consider are the suitability of the machines for the work and their most efficient utilization. The adoption of machinery involves, too, the use of some loose-leaf or card system of ledger, with the necessary checks against loss or unauthorized removal of cards. All posting should be done day by day if possible, the use of the automatic check which is universal in machine posting affording an easy means of ensuring accuracy, at all events so far as totals are concerned. The secretary should be furnished with a daily return of the amount invoiced, preferably divided into sectional figures for the different departments; and it is also useful to have the date up to which invoices are completed and the number of invoices still to be sent out to customers. He will then be able to see how the sales for the month are progressing and whether the work is being kept up to date—both valuable

points in dealing with the provision of funds to meet the inevitable disbursements which arise at monthly or other regular intervals.

Arrangements should be made to ensure that the posting is finished promptly at the end of the month, so that statements can be sent out without delay. In many cases the items are inserted on the statement at the same time as the ledger posting is made, and this, of course, saves a good deal of time at the end of the month. There are, however, some objections to this method as regards both convenience and appearance, and many firms prefer to make out the statement separately. In this case much time can be saved by having the statements headed in advance by an addressing machine, so that it is necessary only to insert the figures when the ledgers are complete.

COLLECTION OF ACCOUNTS

The collection of accounts, while primarily a matter for the department concerned, should be closely followed by the secretary, first to see that no undue laxity takes place, and secondly to ensure that questions of policy are not overlooked in the desire to clear the books. A daily record of amounts outstanding is very useful, and is easily kept; and as regards individual items, reminders should be sent at regular intervals, but no serious or threatening letters should be sent without the secretary's knowledge. It is easy to offend a valuable customer by undue or tactless pressure for payment at an inconvenient time; and while a steady pressure should be kept on habitually slow or unsound payers, discretion should be used

in writing to old friends who may be temporarily short of money.

As a general principle, it is better to deal with the collection of accounts direct from the office rather than to delegate this task to the outside representatives. The duty of the latter is to obtain orders, not to collect money, and their time is best employed in ensuring a steady flow of business—a result which is likely to be rendered more difficult of attainment if they have to press customers for payment at the same time. Again, to put accounts into the hands of travellers for collection practically always means that the customer will take the maximum length of credit possible, as the representative will not press him seriously until he feels compelled to do so. There are of course cases where the customer prefers to pay the representative for some personal reason, and there is no harm in making an occasional exception in such instances; but the general rule of direct collection should be followed as far as possible.

To enable the secretary to keep in close touch with this matter, a record of individual overdue accounts should be kept and submitted to him at frequent intervals. This record may be kept in any convenient form—in alphabetical order on loose sheets or cards, in district order, or otherwise as thought desirable. In some cases actual duplicates of statements are kept, and destroyed as the originals are paid, thus avoiding the necessity of writing up any entries.

Cheques and cash received should be promptly banked, and should preferably be checked and posted by different persons from the one actually

paying them into the bank, so as to avoid any risk of embezzlement or collusion—a safe rule in all money matters.

OUTWARD PAYMENTS

As regards outward payments, the first step is to pass the invoices received, and to make sure that they are correct in every way. It is a good practice to furnish the accounts department with a special copy of every order issued. These copies can be kept by them in alphabetical order until the invoices are received and checked, and then destroyed. The usual questions to be answered in respect of invoices are as follows—

1. Are the goods correct in number, weight, or measurement? This can be verified by reference to the receiving book or other record kept by the receiving department.

2. Do they correspond in all respects to the description and price contained in the order? This can be verified by comparison with the accounts department copy, it being understood that if any goods received are incorrect in quality or description the accounts department are at once advised so that the invoice can be held up until the matter is cleared.

3. Are the calculations correct? This is usually verified by passing the invoices to a calculating-machine operator for checking, thus saving the time of the accounts staff proper.

4. To what account are the goods to be charged? This should be fairly evident from the copy of the order, but the buying department should be referred to in case of doubt.

A useful form of rubber stamp to be impressed on invoices is shown below—

INVOICE STAMP

<i>Goods received</i>	}
<i>as invoiced</i>		
<i>Goods as ordered</i>	}
<i>and prices checked</i>		
<i>Calculations checked</i>	
<i>Charged to</i>	
<i>Passed for payment</i>	
<i>Director's Signature</i>	

The above points having been cleared, the invoice should be certified by a responsible official and sent forward to the secretary to be finally passed for payment. This done, opinions differ as to whether the invoices should be posted individually, or whether they should be retained until the statement comes in and then attached thereto, only the total of the statement being posted to the credit of the supplier's account in the bought ledger. The latter method has the great advantage of reducing the number of postings very considerably, and enabling each month's total purchases from any supplier to be shown in a single entry. Some measure of dissection is necessary, of course, and this can be effected by entering the total monthly purchases in a bought day book furnished with as many analysis columns as are thought necessary, and posting the amount of each statement from there to the credit of the supplier, and the total of each dissection column to its proper account in the impersonal ledger. If subsequent reference to any particular invoice is required it

is easily effected, as all statements with their respective invoices are filed under the name of the supplier in filing cabinets; and it is an undoubted convenience to have the whole of one supplier's invoices for twelve months in one folder. On the other hand, this system entails keeping the invoices out until the statement is received, whereas if they are posted separately they can be passed away at once and the statement checked against the postings; and where large numbers of invoices are involved it is often considered better to deal with them and pass them away at once rather than to let them accumulate and risk their loss or misplacement. For comparatively small firms, however, the method above described seems quite suitable, and the advantage of single monthly postings and easy reference to invoices and statements is well worth consideration.

Whatever method of posting be adopted, the statement will eventually come forward to the secretary to be passed for payment; and one point worth emphasizing in this connexion is that cheques should be drawn only against definite statements rendered by the supplier. The practice of paying either against invoices, or statements made up by the purchaser, is a very dangerous one, and should be avoided wherever possible.

The form of cheque and method of signature depend upon the taste and fancy of the payer, there being, perhaps unfortunately, no set form or style. The modern practice of using the cheque as a receipt for payment is certainly a good one, and it is a pity that it is not adopted by all commercial firms. Even where it is adopted there are numerous variations in arrangement, some cheques

having the receipt form on the front—mostly on the right-hand side, though occasionally it is placed on the left—but most cheques having it on the back, though here again there is no uniformity, the majority being vertical, although some are horizontal. Everyone who has to indorse large numbers of cheques will recognize the inconvenience caused by this lack of uniformity; but there seem to be no means of overcoming it, failing some drastic and concerted action by the banks, which is not likely to be forthcoming.

The cheque should also have some form of perforated slip attached giving particulars of the payment, so as to avoid the necessity of enclosing the statement or any separate form. The amount payable should be inserted in perforated or indelible characters, so as to minimize the risk of alteration or fraud. Some machines print the whole of the wording in this way, including the payee's name; but this is hardly necessary, as practically all the risk is confined to possible alterations in the amount.

The question of signatures often presents some difficulty. Every secretary has experienced the reluctance on the part of directors to sign large numbers of cheques; and frequently such signatures are printed on the cheques in facsimile, the only actual signature being that of the secretary or other official.

In such cases the directors usually sign a list of cheques drawn, and this signed list is lodged with the bank when the cheques are sent out, and they are instructed to pay only such amounts as are shown on the list. This practice is chiefly adopted, however, where large numbers of cheques

are involved; in most smaller cases actual signatures are the rule, and this is perhaps preferable except where there is a very complete and efficient organization under thoroughly capable and trustworthy officials.

Where receipted cheques are used it is of course necessary to arrange with the bank for them to be returned to the drawers after presentation, as the auditors will require them as vouchers.

The most recent innovation in regard to the payment of accounts is the practice of instructing the bank to pay direct to the payee's account the sum due to the latter, no cheques being drawn and therefore no stamps or postage being necessary. In this method the bank are given a list of the amounts due and the banks of the payees, which have been previously ascertained, and the necessary transfers are carried out by the different banks or branches, an advice being sent to the payee through his own bank. This saves a certain amount of expense, but against this it must be borne in mind that the payer's account is debited by the bank with the whole amount shown on the list as soon as the latter is received, whereas in the ordinary way the cheques would be debited only when presented, on an average probably three days later. Where interest on overdrafts or on current account is involved this may quite easily wipe out the whole of the saving, apart from any special charges which the bank may impose.

PETTY CASH AND POSTAGE

Petty Cash is usually dealt with on the imprest system, i.e. a round sum of say £20 is drawn in the first instance, and subsequent cheques are drawn

periodically to cover the actual amount spent, so as to bring the cash in hand back to the original figure. The cashier should insist upon a signed voucher being furnished for every payment, and it is advisable to use for this purpose special forms serially numbered, made up in pads or otherwise. Generally speaking, payments out of petty cash should be kept down as far as possible, and restricted to items which it is absolutely essential to deal with in this way, such as rail and tram fares, surcharged inward correspondence, and trifling purchases which do not justify payment by cheque or are very urgently required.

Postage is another item which, while small in itself, needs careful watching. Where stamps are used they should be bought in bulk and paid for by cheque in the ordinary way. Most firms have the stamps perforated with their initials as a means of identification; this can be done at a very small cost and is a desirable safeguard. If the stamps are to be affixed by any of the machines which are widely used for the purpose, they can be bought in single strips made up into long rolls ready for insertion in the machine. The writer's experience of such machines, however, has not been very satisfactory, and in his opinion the only effective alternative to the ordinary hand-stamping method is the adoption of the franking system, which does away with the use of adhesive stamps altogether, except in odd cases where special denominations are required.

The bulk of the stamps should be kept by the cashier and approximately sufficient for the day's post handed to the postal staff each day. A record should be kept of all letters posted, and the stamps

balanced before the staff leave at night. It is considered by some firms that if the franking system is used there is no necessity to keep a postage record; but the writer does not agree with this view. With a franking machine the danger of loss by theft or carelessness is admittedly reduced to the minimum; but the record serves other purposes which are not affected by this fact. It may at any time be necessary to prove in a court of law the posting of a particular document, and without some form of record this cannot be done; and postal staffs, if unchecked, have a habit of stamping every envelope as it comes along, regardless of the fact that there may be four or five communications for the same firm. Waste from this cause can be fairly heavy, and without a record is quite untraceable; whereas the writer has found that if the entry of duplicates in the postage book is marked and the attention of the staff regularly called to them this trouble can be almost entirely eliminated.

Postal work, to be properly done, should always be in charge of a senior, who should be held responsible for it. To leave the task of stamping and entering a large number of letters in the hands of juniors without supervision and after ordinary staff hours is to court inaccuracy and trouble. The senior(s) can be recompensed in some way, either by extra pay or by time off at other parts of the day; and any little expenditure in either direction is well repaid in the long run.

PAYMENT OF SALARIES AND WAGES

The payment of salaries and wages is usually handled by the cashier, the principle generally

the name, address, age, date of engagement, capacity, and salary changes as they occur, with any other particulars that may be considered desirable. A suitable form is shown above. The weekly salary figures can be made up on loose sheets or in book form, columns being provided for National Insurance deductions and employer's insurance portion, and also deductions for hospitals, benefit clubs, superannuation or pensions, and any others which may be rendered necessary by individual circumstances. The higher salaries, say over £250 or £300 per annum, are usually paid monthly by cheque, and therefore do not come

into this system. If the amount of the employer's contribution to the National Insurance is added to the total amount of the salaries it can be used, together with the deduction for the employee's contribution, to purchase the stamps each week, and will thus obviate the necessity of drawing a separate cheque or buying them through the petty cash, besides furnishing an automatic check on the amount so expended. The money can be handed to the staff either by being taken round to them at their desks or by fixing a definite time for them to come to the cash office for it. Both methods have their advantages, and individual conditions will decide which is the more suitable in any particular case.

Wages payments are rather more difficult to handle. The sheet giving the total figures for the week is usually certified for payment and passed to the cashier for the cheque to be drawn some time on the morning of pay-day—generally Friday. The cashier should be accompanied on his visit to the bank by one or more of his assistants—preferably young and active; and it is desirable to use either a works car or a hired vehicle of a private type in preference to a public conveyance, such as a tram or a bus. While cash is usually covered against theft or robbery from the time it is handed over by the bank it is not worth while to run unnecessary risks, especially where fairly large amounts are involved.

The money is then counted out, checked, and put into pay-tins or envelopes by the cashier's staff. Usually the wages department will have made out some form of slip or ticket to be placed with the money, showing how the amount is made

up; and it is a useful practice to have this done in duplicate, say with a red carbon, and have the copies in red distributed by the time-keeper some time before the wages are paid. This enables each man to see what he is going to pick up; and if the money, with the original slip, is handed over only in return for the one in red there can be little danger of its getting into the hands of any unauthorized person. Other methods can of course be adopted to attain this end; but there should always be some definite means of identification of the recipients, especially where there are large numbers of men to be paid and personal knowledge of individuals is difficult.

Payment should be made from a pay office with several windows, the men being paid from particular windows according to their clock numbers; and if the money has been properly prepared it is possible to pay a large number of men very rapidly on these lines.

Stamping the insurance cards is a subsidiary task to that of paying salaries and wages. As already suggested in the case of salaries, the value of the employer's contribution should be added to the wages cheque, and stamps purchased for the exact amount represented. A small number of stamps for use in case of emergency can be bought out of petty cash and replaced when the weekly quantities are obtained.

COMMISSION ACCOUNTS

Lastly, where travellers or agents are paid by commission, there are the monthly or quarterly commission accounts to be dealt with. Measures should be taken to ensure that every order bears

the requisite number or other indication of the representative to whom it is to be credited; and the commission terms should also be perfectly clear. Some firms pay commission on all orders received from a certain area; some pay only on orders sent by the representative personally; some on the value of invoices during a period; some on actual cash received. In many cases varying rates of commission are paid on different classes of goods; and frequently there is a basis amount of turnover which is taken as being covered by the salary paid, and commission is allowed only on business done in excess of this figure. The accounts department should be fully and clearly advised in regard to such points, which often vary not only between firms but between different representatives, and are productive of endless worry and disputes if the paying officer is not completely equipped with the essential details.

CHAPTER X

THE BUYING DEPARTMENT

THIS department is one over which the secretary can exercise only organizing control, as the work is largely technical and calls for special knowledge and experience. The buyer himself should be a man with some engineering training, added to a wide commercial experience and a general acquaintance with markets for all classes of goods, the requirements of most firms ranging, if not from a pin to an elephant, at least from a rubber band to a boiler or an engine. The amount of responsibility entrusted to him varies a good deal; but in most cases large contracts or important purchases will be decided by the directors, while the ordinary day-to-day buying is left largely to his own discretion.

The first principle to be observed is that every purchase, large or small, should be based on a requisition issued by the department requiring the supplies, signed by some authorized person on behalf of that department, and giving full details of the order or purpose for which it is to be used. The usual practice is to furnish the various departments with pads of requisition forms, serially numbered, and to issue orders only against the authority so expressed. No other department should be allowed to buy any goods whatever, nor should instructions to purchase be carried out except when put forward on the proper form. It is difficult to over-emphasize the importance of this point; any laxity in this direction is likely to involve the firm in heavy leakages and, in the

most favourable cases, to cause considerable trouble and confusion owing to the proper information not having been furnished to those who have to deal with the matter at a later stage.

In many cases, of course, the order can be placed immediately on receipt of the requisition; but it is frequently necessary to issue inquiries for prices and delivery, particularly in the case of special goods. If the supplies are required for a customer's order for which an estimate has been submitted, prices will probably have been obtained at that stage; and these should be passed on to the buyer when the order is received, so as to avoid the delay and trouble involved in sending out further inquiries unless he considers it necessary. Every buyer worth his salt knows the best suppliers of all goods in regular demand by his firm; and it is a simple matter to send out duplicated inquiries to a number of people, attaching replies as received to the back of the carbon copy until they are all in.

The question of which particular offer should be accepted is for the buyer to decide, bearing in mind the all-important factors of quality and delivery, as well as price. In this as in other matters an advantage in price may be more than offset by poor quality or long delivery. In the first case, if the goods are for works manipulation any defect in quality may well cause far more expense in wages than the saving in the initial cost; and in the second, delay in manufacture or annoyance caused to valuable customers have very much the same effect. The buyer for a very large firm once told the writer that his chief object in purchasing was to ensure that not one of the

12,000 men employed by his company was ever kept waiting for material, and that so long as this end was attained price was a secondary consideration. There is a good deal of force in this contention; and it is for the buyer to consider all these factors carefully before deciding where to place his order.

The orders themselves should be issued on printed forms, serially numbered, and bearing the requisite terms and conditions, which should be as few and as simple as possible, while covering all absolutely essential points. It is a wrong policy, in the writer's opinion, to burden an order with a long and complicated schedule of clauses implying or definitely imposing cancellation and penalties in the event of any default. In most cases they will not be accepted by suppliers, and in any case they are very hard to enforce. Very few firms will agree to put special goods in hand at all if they are likely to be cancelled in the event of delay, often unavoidable or from causes beyond the control of the supplier; and penalties cannot be demanded in any case unless definite damage is proved.

It is advisable always to show prices on the extreme right of the order, so that by using carbons cut away on this side copies for progress and works use can be made without the figures appearing on them.

The number of copies required will depend on the organization; anything up to seven or eight may be necessary. There will be in practically all cases an original to be bound up as a permanent record, one for the accounts department for checking invoices, one for progress purposes, one for the receiving department, and probably one for commodity folder or statistical purposes.

Just as all orders should be issued on the proper forms, so all alterations should be made on similar forms headed "Alteration to Order No. ——" and identical in size and shape with the original order. Copies of these alteration sheets should be bound up with the order and circulated to all the persons receiving copies of the order in the first instance, so that everyone handling the matter will have complete information regarding it.

RECORDS

The question of delivery then demands attention. The progress copies should be sorted and diarized,

BUYING DEPARTMENT CARD

Job No:

Material	Supplier	Requisition No.	Date Received	Order No.	Date	Delivery	Advised	Delivered

and efforts made by telephone or post to get the materials in by the required dates. This work can be effectively done by a smart junior, the buyer himself intervening only in urgent cases. Where goods are required in connexion with definite works orders, it is a good plan to have a card headed with the works order number and containing brief particulars of the articles ordered for it, giving the name of the supplier and date of order and dates advised and delivered, so that it is easy to see at any moment what is holding up any particular order and to concentrate on the various items

required for it. Such cards also form a very useful permanent record for use in the case of subsequent inquiries or repeat orders. A useful form is shown on p. 75.

Deliveries should be marked off both on the permanent order copies and on the progress copies, and also on the cards mentioned above, so that complete information is available on each record.

It will be necessary to keep some form of record of suppliers, quantities, and prices for reference purposes. A simple method of doing this is by what is known as the commodity folder system, in which a folder is opened for each commodity purchased, and a copy of every order issued inserted in its appropriate folder, so that reference to any folder will furnish exact information in regard to orders placed over a period. This method does away with the necessity for any copying or extracting, such as is inevitable in any card record, and is quite suitable for works of moderate size. It could hardly be used in a really large factory, as it would be too cumbersome and slow where numerous copies of orders were involved; and in such cases some separate form of record would be necessary. There are several modern recording systems which could be easily adapted to this work, and the details required could be worked out according to individual requirements.

Contracts for supplies over a period will probably be necessary in the case of some commodities, and these will in most cases be settled by the Board or the managing director. The buying department will naturally keep full records of such contracts, including the period, quantity, price, deliveries,

etc., so that full information is available at any time as to the extent to which the firm is committed or covered. It will also be the duty of the buyer to keep a watchful eye on the quantities taken under any contract, so that any adjustments necessary can be made in good time, and also to give his directors timely warning of the expiration of contracts, with any information which may be useful in considering the question of renewals or new contracts.

INTERVIEWS

The question of interviewing is a somewhat difficult one. The buyer naturally has more callers than any other department, and it is easy to waste a great deal of time in conversation which is of no practical use from a business standpoint. On the other hand, a fair amount of valuable information as to technical details, market trends, etc., can often be obtained from capable representatives. It is difficult to lay down any hard-and-fast rule, but it is desirable for the buyer to try to keep to the golden mean and see all callers who may be serviceable without spending time on those who have really nothing useful to convey. He should also endeavour to find time to read the technical journals relating to his branch of industry and look out for new methods and sources of supply; and visits to trade exhibitions and fairs are desirable for the same reason. The buyer should be the eyes and ears of his firm so far as purchases of any kind are concerned; and any time expended in obtaining knowledge which will promote economy or efficiency in this direction is well spent.

CO-ORDINATION WITH OTHER DEPARTMENTS

Close co-ordination with the works and technical departments is essential if the buying department is to function efficiently. Every works has its own preferences in regard to materials, and it is as well for the buyer to observe them so far as they do not tend to restrict competition or increase expense. Frequently there is little in them beyond the conservatism of the user; and in such cases it is for the buyer to insist as tactfully as possible on his freedom of action. Again, technical departments are very apt to issue specifications or drawings which involve rigidity as to tolerances or special dimensions, compliance with which often entails considerable extra expense, restriction of sources of supply, or delay in delivery. Very often the nearest standard article would serve the purpose equally well; and the buyer should bring his commercial knowledge to bear and try to get such special requirements waived where it can be done with no technical disadvantage. In these days of mass production and large units many works will not depart from their recognized standards if it can possibly be avoided; and in the writer's experience the great majority of special requirements in regard to qualities, tests, etc., are of very little practical use in comparison with the delay and expense they entail.

CHAPTER XI

OUTSIDE REPRESENTATION

THE question of representation has been touched upon briefly in the chapter on following up; but there are certain points which call for further consideration, and in this chapter it is proposed to discuss the three main forms of outside selling work, viz. full-time travellers, part-time agents, and branches.

FULL-TIME TRAVELLERS

Full-time travellers are, of course, salaried members of the staff under the entire control of the firm. The original choice of travellers is a matter of considerable difficulty. They are often chosen from junior members of the inside selling staff; and such men have the initial advantages of a good knowledge of methods of production and estimating, and a personal acquaintance with the people at headquarters, which are always useful in discussing debatable points. On the other hand, the promising clerk does not always develop into a capable salesman. Special qualities are required for outside work, such as a good appearance, an engaging manner, conversational ability, and perseverance in the face of rebuffs, to name only some of the most elementary. Stability of character is essential, as the traveller is frequently under very slight control from headquarters, and subject to temptations not experienced by the inside worker. Health and strength are important, the work often calling for long journeys, late hours, and subjection

to rapid changes of temperature and weather conditions. In engineering some technical knowledge is a great advantage, as questions of manufacture or adaptation frequently arise and call for intelligent discussion. A good plan is to pick out a likely youngster and let him work as assistant to an experienced man for a while, so that his capacity can be judged without running the risk of ruining the connexion on the area should he prove unsuitable. Most people think they can sell, but the text "Many are called but few are chosen" has perhaps a very special application in this connexion.

Travellers should always be employed under a definite written agreement, and care should be taken to cover all essential points, especially those relating to districts, methods of payment, terms of service, and termination of engagement. Each of these may be briefly dealt with as follows—

The district should be carefully chosen and clearly defined. County or other recognized boundaries are preferable to imaginary lines drawn from one point to another, subject of course to the consideration that they do not always form ideal working units. Any towns or customers excepted from the agreement should be clearly particularized, and special care should be taken to avoid overlapping any territory worked by another man. If part of the area is of the "lean" type, an endeavour should be made to include some ground where good business is obtainable, so as to give the traveller a fair average district.

Methods of payment vary from firm to firm, although the usual basis is salary plus commission at arranged rates. In some cases an inclusive

salary is paid, but this is only under special circumstances or conditions. The salary may vary in different cases from a purely nominal figure to a fair average income, and the rates of commission will vary in an inverse ratio. In any case, the salary is usually calculated in the first instance at a percentage on a certain amount of business, e.g. £250 per annum would represent a figure of $2\frac{1}{2}$ per cent on a turnover of £10,000; and the traveller would probably be paid commission only on sales exceeding this figure. Again, commission often varies according to the class of goods sold, and sometimes according to customers or markets.

It is therefore impossible to lay down any standard rate or rule; the important point is to have the basis clearly set out in the agreement. One particularly controversial point is the figure on which the rate is based, whether orders booked, amount invoiced, or actual cash received. The first is always a dangerous basis, as orders may be cancelled or delivery postponed for long periods, and if the traveller has once booked the order he has done his part and is entitled to payment. The third is the only perfectly safe method, but it often involves a long delay in the payment of commission, especially where long credit is given; and most firms adopt the second basis, subject to adjustment being made at each payment for any credits or alterations in invoices which affect the previous figure. Commission is usually paid monthly, although quarterly payments are not uncommon.

Travelling expenses are generally paid weekly or monthly, either by a fixed allowance or on actual disbursements. In the latter case formal expenses sheets giving full details should be sent

in regularly, and checked off against the journeys made before being paid. At one time travellers were given railway season tickets covering the main points in their area, tram fares and odd journeys being charged in their expenses; now it is practically the universal practice for a motor-car to be used, provided either by the traveller himself or by the employer. In the former case a fixed allowance is usually made, varying with the size of the car and the area covered; and this will leave only odd expenses to be charged in detail, such as meals, garage or parking charges, etc. In the latter case a car is usually provided on the annual exchange system, a new one being supplied every year under contract with some motor firm, the old one being returned against a rebate varying with the size and type of car. This is perhaps rather an expensive method, but it has the advantage that the traveller is always driving a comparatively new car, and the delays and troubles due to involuntary stoppages are practically nil. Under this system oil, petrol, garage charges, etc., are included in the expenses sheet. In any case clear provision should be made in the agreement for payment of expenses and terms of car usage, as these are frequent points of dispute.

The terms of service should also be exactly stated, i.e. how often the ground is to be covered, whether the traveller is to collect accounts, and other points which vary from firm to firm. Provision for termination of the agreement is also important; the engagement is generally for a definite period, subject to termination at the end of that period or thereafter by a certain term of notice in writing on either side. It should also be

definitely stated that the traveller will have no claim to commission on orders received from the territory after he has ceased to work it, or quite unexpected claims for substantial amounts may arise. It is also advisable to include a clause preventing him from going to a competitor or starting a similar business within a certain area or for a certain time after the termination of his agreement ; but such clauses are not regarded with much favour by the Courts and are difficult to enforce.

Journey sheets, showing the towns to be visited during the next week, should be sent in regularly in advance, giving a postal address for each night, so that communications may be forwarded regularly and reach the representative the following morning. Daily reports as to customers visited, quotations followed up, prospects of new business, etc., should be sent into the head office ; and these should be made out on forms designed to necessitate the minimum of writing and be as brief as possible, so long as the essential information is furnished.

The traveller will naturally be sent copies of all quotations and any correspondence relating thereto ; but opinions differ as to the advisability of sending him copies of other documents, such as advices, invoices, letters dealing with delivery questions, complaints, or payment of accounts. The writer's own opinion is that it is best to send him copies of practically everything ; he can always destroy what he does not want, and it is advisable for him to be fully informed on all matters when calling on a customer. Cases have been known of representatives being very harshly received when calling on people with whom their principals have had heated disputes of which they have known

absolutely nothing ; and further, it is often possible for personal intervention at an early stage to prevent matters from being pushed to extremes by correspondence. In any event, the traveller should be promptly informed of all orders received or quotations declined, so as to avoid unnecessary journeys about matters already settled.

Opinions differ as to the advisability of allowing travellers to collect accounts, and this point has already been dealt with in a previous chapter.

Every effort should be made to keep the representative in the closest possible touch with developments or changes in works practice, and with the reasons for these alterations or causes of difficulties in manufacture. It must be remembered that he is operating often many miles from headquarters, and is frequently quite ignorant of things which are common knowledge to those on the spot. Regular advices will do a great deal ; but it is good practice to arrange for periodical visits to be paid to the works, either individually or collectively, so that all questions can be discussed *in situ* with people fully conversant with the details, and demonstrations given of improved methods or changes in design. Many firms have annual or semi-annual travellers' conferences for this purpose, and also for the mutual and friendly exploration of differences or difficulties, inside or outside ; and these are undoubtedly a great help to profitable and easy collaboration between both sections, and are far more effective in this direction than any amount of correspondence or circularizing.

Some regular check should be kept on the cost of working each traveller's ground, usually in the

form of a percentage on his turnover. As a rule a standard percentage is laid down, to which all districts are expected to conform, or at least to approximate; but reasonable latitude must be allowed, as the possibilities of different areas vary considerably, and due allowance must be made for the poverty—in a purchasing sense—of any district, and for any special conditions which may affect the turnover.

AGENTS

Agents are usually appointed in districts where the turnover is not likely to be high enough to justify the employment of a full-time representative; and they have to be dealt with on rather different lines, as they are not employees of the firm, and are not subject to the same amount of control as can be exercised in the case of travellers. They almost invariably have other interests to look after, and hence only a portion of their time can be claimed. When appointing an agent these other interests should be carefully considered, so as to ensure that they are not competitive in character or too exacting in time. Other agencies appealing to similar buyers form a useful background, as one thing often helps to sell another. The terms are usually commission on sales plus an allowance for office expenses and travelling. The general procedure is much the same as with travellers and does not need further elaboration.

BRANCHES

Branch and district offices are established as a rule only in large cities or areas where a really large turnover can be anticipated, as they

naturally involve considerably more expense than travellers or agents. The rent or purchase of premises is usually an important factor, as they have to be in a recognized commercial centre; and if the question of stocks or showrooms is involved the annual cost may be very high.

Usually a branch manager controls the travellers or agents in a given area; and frequently he is empowered to quote prices within certain limits, and in any case has authority to negotiate with customers to some extent in regard to prices quoted from the head office. In fact it is often the practice to send all quotations for the area to the branch office in the first case, on the assumption that their local knowledge will enable them to handle the question of prices more advantageously than can be done from more distant headquarters. Copies of all branch correspondence with customers should be sent to the head office, so that the files at each end may be complete.

As a rule branch accounts are paid from the head office, apart from small local expenses which can be settled from a branch petty-cash account; but in some cases branches are empowered to deal with their own accounts, and a local banking account is opened for this purpose. This involves a certain amount of risk and duplication, and it is probably better to centralize all considerable payments at the head office.

FOREIGN AGENCIES

If a foreign business is done, the question of agents abroad should receive careful consideration. Too often such agencies are given more or less at hazard to any firm who may write asking for

them, a commission of say $2\frac{1}{2}$ per cent being allowed on the cash received in respect of any orders obtained by them, and no inquiries being made as to their local standing or financial reputation. It is of course impossible to do satisfactory business on such lines; and if it is really intended to go out for sales in the country in question, as much trouble should be taken in choosing and appointing an agent there as would be spent in appointing one on this side.

The nationality of the agent is very important in these days of racial strife; his connexion with buyers and knowledge of the industry require careful investigation; his own financial position is perhaps not of first importance where orders are being placed and paid for direct by the buyers, but he should be well enough off not to reflect discredit on his principals; his reputation for straightforwardness and business morality should be unimpeachable. The remuneration required will vary according to the probable turnover and the selling conditions in the country in question; but a figure should be fixed which will make it worth while for him to exert his energies and spend his time on behalf of his principals, while not "loading" the selling price so heavily as to discourage buyers. He should be given every support in the way of price lists, circulars, etc., printed in his own language; and incidentally it may be as well to submit proofs to him before the bulk is printed, so as to ensure that the translation is both accurate and idiomatic. Periodical visits of principals to foreign countries are a great encouragement to business; the foreign buyer appreciates the compliment immensely, and will do

everything he can to make the visit a pleasant one. The personal contacts so formed, with both agents and buyers, will go far towards establishing lasting and fruitful connexions, and if there is sufficient scope permanent and substantial business may result.

CHAPTER XII

ADVERTISING

WHERE the secretary is in charge of the selling side it will probably fall to his lot to control the advertising also, either by handling it direct or through one of the numerous agencies dealing with this class of work, who will, if desired, draw up all advertising matter and arrange for its insertion in appropriate media, thus relieving the advertisers themselves of all the details of what is to many people an unfamiliar and somewhat difficult job. In the following remarks it will be assumed that the firm handles its own advertising, and employs agents only in special cases where necessary.

The method of advertising and the amount spent on it vary tremendously in different firms. There are broadly two classes of appeal to buyers: (1) Through announcements on posters and in publications of all kinds; and (2) "Direct mail" advertising by means of circulars and literature sent direct to likely customers by post. Other forms exist, such as window displays, radio and cinema advertising, exhibition stands, etc., but the two above mentioned are the types mainly used.

In the engineering industry very few products are sold to the general public, and therefore poster appeals and advertisements on tramcars or railway stations are very little used, and newspapers or magazines are not very appropriate media. The technical journal is looked upon as the best means

of getting into touch with likely buyers and of bringing to their notice outstanding features or new developments. Such journals are usually carefully read by those interested in the particular branch of industry in question, and consequently the advertisements can safely be fairly detailed, and often contain a good deal of highly technical matter.

The selection of the particular journal is often a difficult question. It is not easy to get figures of circulation, while the class of reader is also important. In every trade some journal selects itself as being the outstanding medium; but the others must usually be chosen chiefly by experiment, which is both a costly and a lengthy process. To trace actual results it is always advisable to "key" the advertisement in some way, i.e. to have some particular feature in address or description which should be quoted by the replier and so enable the advertiser to identify the announcement. Even this is not always sufficient, as it is only actual orders which count in the end, and often a journal which yields the greatest number of replies does not produce the most purchasers. Careful records showing the actual amount of business traceable to each publication are very useful, and may save a good deal of money from being wasted on unsuitable journals.

The amount of money to be spent on advertising is often a vexed question. Some firms allot a specified lump sum per annum; some fix a certain percentage of their turnover, or of the price per unit; some leave it to be decided by circumstances, increasing it when they are slack and decreasing it when they are busy. Most engineering

firms, however, advertise on fairly conservative lines, keeping generally to a regular space in the same publications, and varying it only when they have some new feature or development to announce. Productive advertising costs nothing, as it should increase the turnover sufficiently to reduce overheads per unit by at least the amount spent; if it does not, there is something wrong with the advertising, the product, or the works.

The size and position of advertisements are factors which greatly affect their "pull." Small advertisements are practically useless; it is usually found far better to have a full or half-page at fair intervals than a number of (say) one-sixteenth pages every week. Again, a position facing reading matter, or a front or back cover, is far more effective than one hidden away in a crowd of similar advertisements at the beginning or end of the publication. This may not apply entirely to advertisements in technical journals, as the readers of these publications are usually keenly interested in technical details, at all events so far as their own type of product is concerned, and often read steadily through the advertisement pages on the chance of finding something new or interesting.

The design and form of advertisement will of course vary with the branch of industry and the product. Some kind of illustration is usually desirable—an actual photograph if possible, as these are usually more impressive than drawings. The wording should be clear and bold, and the idea expressed in simple language. Complicated technical descriptions can follow afterwards if necessary; the purpose of an advertisement is to catch the attention of the reader and get him

interested. It is often possible to get an advertisement supplemented at intervals by an editorial article or comment—usually without extra payment, provided that the order for the advertisement is considered to justify it—and this is very useful publicity, apart from its value in reprints, which will usually be supplied very cheaply by the publishers of the journal in question.

DIRECT MAIL

Many firms spend large sums of money in “direct-mail” advertising, either in place of or in addition to journal announcements. In fact, it is estimated that considerably more money is spent on printed matter, catalogues, postage, etc., than on Press advertising. Most firms keep lists of regular buyers to whom they send periodical circulars; others have envelopes specially addressed from directories or other sources as time permits; others get sets of typed or printed gummed labels from circularizing firms and put them on their own envelopes; others still place the whole of the distribution in the hands of a direct-mail house, and merely supply them with the necessary printed matter. This form of advertising has the advantage of entailing very little waste; if the lists of recipients are properly made up the circulars go only to people who are likely to be interested, and the proportion of replies should be far higher than in journal advertising.

General circularizing of this kind is often supplemented by personal or semi-personal communications to people who are shown by the technical journals to be likely buyers for particular reasons, such as contracts placed, extensions, developments,

etc., and if the travellers are also advised and the letters followed up this may prove a very useful source of business. The letters are usually "form" letters duplicated on one of the many machines available for this work; and missives of this kind, if run off stencils cut by the ordinary typewriters in use in the office, and signed either personally or in facsimile, have a semi-personal touch which is quite effective. A large amount of circularizing is also done by means of printed circulars, leaflets, pamphlets, etc., which are subject to much the same conditions as journal advertisements.

CATALOGUES

Catalogues come in rather a different category, being expensive to produce and usually supplied only in single copies to prospective buyers. To compile a catalogue of any size is no light task. It involves the collation of the matter, for both text and illustrations; the decision as to size, shape, and number of pages; the type of cover and binding; the question of what general information, standard tables, etc., to include; the use of photographs, many of which have to be taken specially; the manufacture, size, and type of blocks; the compilation of an index, which should be both inclusive and exact. The loose-leaf form is frequently adopted, and has the advantage that separate leaves can be printed subsequently, punched to match, and sent to customers for insertion in their binders, so that it can be kept continually up to date—one of the great difficulties with fixed-leaf catalogues.

The correction of proofs is a very difficult business, especially where pages of tables are

concerned; and it is advisable to circulate pulls of the same sheets among half a dozen people, so that their corrections may be pooled in the hope of eliminating errors. However much care is taken, it is seldom that a complete catalogue can be produced without any mistakes; but every effort should be made to reduce them to a minimum.

One point which should receive special attention is that of the storage and record of blocks. They should be kept in drawers or racks where they can be easily identified and are not likely to be damaged, and an index should be kept, so that any one can be readily found; and every block sent out for printing purposes or on loan to customers should be recorded, so that it can be traced and measures taken to secure its return after use. Condition is also an important point, as it is impossible to get good printing from worn or defaced blocks.

It is also advisable to keep a file containing a copy of every leaflet or circular issued, with the date, number sent out, and to whom sent. The two former points are often indicated by a code number on the literature itself, and this is a very useful practice. Such a file serves the purpose of a compendium of advertising matter over a series of years, and is very serviceable in indicating the type of appeal made to customers from time to time, and also forms a record of illustrations used and blocks in existence. Such a file will of course include only sheet matter; catalogues must be kept separately.

PREPARATION FOR RESULTS

One last point may be worth mentioning, and that is to be prepared for the results of an advertising

campaign, or the efforts and expense may be entirely wasted, and the effect detrimental rather than advantageous. The necessary preparations should be made to ensure that replies can be promptly and efficiently dealt with and followed up; but, more important still, the works should be prepared to cope with the rush of orders that may accrue. The writer was concerned in one advertising effort which had excellent results on paper, and brought in a very large number of orders. Unfortunately the works had not been advised of this possibility, and were totally unprepared to deal with a tremendous addition to their ordinary output. The result was that customers were kept waiting weeks, and in some cases months, for their requirements; and in the effort to placate the new clients, orders from many of the old ones were delayed far beyond the usual period. Large numbers of orders were cancelled, and the general disturbance of the company's relations with its customers was so great that the advertising effort, successful though it was, probably did more harm than good in the long run. Co-operation between the commercial and the productive sides is essential if advertising is to be really effective; and it is better to be prepared for too much rather than to destroy the whole effect by being able to handle too little.

CHAPTER XIII

WAGES AND COSTING

THE payment of wages, as a financial matter, is usually under the control of the secretary; their compilation must necessarily be done in the works, and consequently is chiefly controlled by the works officials. As, however, it obviously affects the finances of the company to a very considerable extent, the secretary should arrange with the works side for the details to be obtained and collated in a satisfactory way, and for such checks to be imposed as will prevent any loss through deliberate or accidental errors in the figures.

The calculation of timework wages is comparatively simple. Every works has some system of time clocks which affords an automatic record of times of arrival and departure; and to work out the number of hours at any specified rate is merely a matter of arithmetic. Usually there is a time-keeper at hand to see that the clocks are actually punched by the men concerned, so that there is no possibility of deception in that direction; and the rest is fairly plain sailing.

Piecework payments are much more difficult to deal with. There is generally no automatic record; and the human element, with its conscious or unconscious vagaries, enters into the matter to a far greater extent. There must be a check of some kind at every step, or losses will inevitably occur at some stage or other.

A job is put into the works which contains a number of piecework items. The first step is to

analyse it into its component parts and see what is really involved. There are various methods of doing this; but we may illustrate one which works effectively, and which is known as the master-card system.

When the draughtsman who issues the work to the shops has finished his details, he makes out what is known as a master card. This is simply a sheet of ordinary plain quarto paper on which are stencilled a large number of standard operations; and the draughtsman merely inserts against each item the number included in the order in question. Any special items not included in the stencil can be put in a blank space which is left at the bottom. The sheet thus forms a complete summary of the various operations involved.

A copy is sent to the foreman of the shop, who can see how much work he has to give out and arrange his programme accordingly. The process can be carried a step farther by having in the shop a chart with a line for every operation, and entering on the chart each day the number of any particular operation shown on the master cards, and deleting the number done on the previous day, so as to show the total number in hand at any time. A comparison of one line with another will show how far the different operations are keeping in step, and enable timely arrangements to be made for dealing with any one which is getting behind, or of which a particularly large number is required.

The foreman gives out the work each day; and as the items are completed they are marked off on the master card, and a summary made which enables the total to be written off the chart. The foreman will naturally not give out any work

which is not shown on the master card, so that this acts as a valuable check at the shop end. In addition to this, a copy is sent to the wages clerk, and as the items come through from the shop he marks them off on his copy, and when the total number has been charged he declines to enter any more on the pay-sheet without special authority. There is thus a double check on the work carried out and paid for, which should effectively prevent any overpayment through fraud or error.

Piecework prices themselves are not easy to fix, as it is always difficult to get a satisfactory time basis for any new job, and all piecework prices are based on time rates in the first instance. Generally speaking, they are intended to give the average pieceworker about time and a quarter or time and a third, i.e. that excess over his basis hourly rate as a skilled or semi-skilled worker; and it is useful to keep a weekly record of piecework earnings as compared with time rates, so as to see how the proportion actually works out for the various jobs. In many engineering works piecework payments are rendered more complicated by a cost-of-living bonus based on the hours worked, which is counterbalanced by a national reduction based on the total earnings, the combination of which makes it very difficult to get at the exact figure involved; but "straight" piecework is far preferable when it can be arranged. There are of course many other systems of payment by results, chiefly by bonuses for increased production; but it would be impossible to detail them here, and so long as the principle of check and counter-check is observed the particular mode of payment adopted may be left to suit the individual works concerned.

The piecework details should be sent to the wages office day by day as far as possible, so as to avoid increasing the inevitable congestion at the end of the week. Wages are invariably paid on Friday evenings, and are usually made up to the previous Tuesday or Wednesday, although in some cases a week's money is kept in hand. When the necessary details have been received, a wages sheet for each man will be made up, on which the wages clerk need enter only the number of hours or operations and the price to be paid, leaving the extensions and additions to be worked out by female calculating-machine operators, thus relieving the wages staff proper of a good deal of detail work. Where the number of men is considerable the names and check numbers are usually inserted by an addressing machine. The same machine can insert these particulars on summary sheets, giving one line for each man, on which is entered merely the total amount due to him and particulars of deductions for National Insurance, clubs, pensions, etc., and then the net amount to be paid; and the total of these sheets obviously gives the gross amount of wages earned, deductions, and net total figure. Once this is completed, the work of the wages staff is finished, the actual payments being made by the cashier's staff as described in a previous chapter.

COST DEPARTMENT

The wages figures are usually checked by means of an analysis carried out by the cost department, to which we will now turn. The duty of this department is to split up the various items of expenditure into costs of the goods produced,

divided under the headings of raw material; labour, direct and indirect; works expenses; and office and administrative expenses. There are many methods of doing this, and those given here should be considered merely as illustrations.

Take raw material first. This is generally fairly easy to trace, provided that all material received is booked to its proper department or job. In mass production the cost will be taken out per ton or other mass unit; and if a careful record is kept of the quantity sent forward for manipulation and the quantity of manufactured goods resulting therefrom, the cost of the actual material per ton of product can be readily found. There is an inevitable loss in the process of manufacture through heat or other causes; and once an average figure has been ascertained over a period, it is not usually considered necessary to cost every unit of production, as the periodical stock figures will serve as a check. In the case of special work the job number should be given on every order for material, and this, when received, should be booked by the cost department against the job in question. Materials from stock should be supplied only against requisitions also giving the job number, and be debited to it in the same way. The total of the items purchased or transferred should give the cost of the material used on the job or unit.

Direct labour should be booked against the job or unit on the same principle by a system of job tickets or otherwise; the method varies greatly in different works, but in any case there should be some system of furnishing reliable figures of time spent or piecework wages paid.

Indirect labour, consisting of foremen's wages,

service charges, and all the manifold labour costs connected with the shops and works generally which cannot be allocated to any individual order, are usually reckoned as a percentage on the direct labour cost. This percentage is based on actual figures taken out over a period, and except for any variations due to unusual causes, generally averages about the same over considerable periods, varying only with the quantity of work going through. Any substantial falling-off in production will always increase the proportion of indirect labour, as this can never be reduced *pro rata*; fortunately the converse applies when production is increased, in which case indirect labour seldom rises in like proportion and the percentage is reduced.

Works expenses apart from labour—light, heat, power, stores, works clerical salaries, etc.—can also be calculated on the same lines as indirect labour, and the proportion will vary in the same way, though not necessarily to the same degree.

In some cases, instead of the indirect labour and works expenses being expressed as a percentage of direct labour, they are worked out as an average cost of running the machine or other unit per hour over a period; and this figure, based on the time the unit is running on a particular job, is added to the direct labour cost. This has the advantage of keeping the overhead figure stable whatever the piecework earnings of the operative may be, and is perhaps a more reliable method, although it involves considerably more detail work in the first instance, the rate having to be worked out for each machine instead of for the department as a whole.

The total of the above figures gives the works cost of the job or unit, to which has to be added the overhead charges, such as salaries of office staff, travellers, and administration, rent, rates, taxes, stationery, and all the hundred and one items incurred in running a manufacturing business. The total of these expenses over a period will again be worked out as an average percentage, either on labour or on the total works cost; and the grand total will show the cost to the company of the job or unit in question.

A further step, not always taken, is to check the figures so obtained against the actual financial results. For instance, the total of the raw material booked against all the units or jobs should agree with the purchases of material for the period, adjusted for variations of stocks at the beginning and end; the total of the direct labour booked in the same way should agree with that shown on the wages sheets; the total amount of indirect labour expressed as a percentage on direct labour or machine rate figures should also agree with the total of that item in the wages sheets; and the total of works and office expenses shown on the cost sheets should agree with the actual expenditure on these items, at all events within reasonable limits. It follows that if all these calculations do agree, the difference between their total and that of the sales should also agree with the trading profit as shown in the Profit and Loss Account—a most desirable consummation, but one which is unfortunately seldom attained!

There are many other points which call for the attention of the cost department, but only one or two of them can be mentioned here. Stocktaking,

for instance, is often a troublesome matter. Usually a book figure of stock is made up monthly from the records, an actual physical stocktaking being carried out only at the end of the financial year. If the proper allowances are made for losses in manufacturing processes the monthly stocks should be approximately correct; the weakest figure is usually that of work in progress, which has to be more or less guessed by the works manager in many cases and is often somewhat unreliable. The annual stocktaking, being a physical enumeration of the quantities or numbers in the works, should furnish a reliable check on the accumulated book figures; and if any serious discrepancies occur they should be carefully investigated, as they will probably reveal errors in some of the costs—usually on the low side, unfortunately!

Transfers between different departments also require careful watching, and should be covered by requisitions as fully detailed and exactly recorded as in the case of purchases. Under no circumstances should anyone be allowed to transfer goods from one department to another without authority or record, or correct costing will be impossible.

Monthly figures of costs and trading are essential to get the full value of the work done. In most works a monthly sheet is produced showing the amount of direct and indirect labour in each department and their relative percentages to each other; and any variations should be noted and discussed with the works without delay. The works expenses and service charges can be treated in much the same way; and while many of the

overhead expenses can only be taken at an approximate figure it is possible to get a monthly comparison which is fairly reliable. The proportion of indirect labour and expenses will, of course, vary with any considerable changes in the amount of productive work carried out, as it is not possible to reduce them in proportion to any falling-off in output, nor is it necessary to raise them in proportion to increases in output.

Items of plant, tools, stores, etc., should be issued only against requisitions carefully marked with indications of the exact purpose for which they are required. In dealing with plant repairs and renewals it is useful to keep a plant register giving an identification number for each machine, with some letter sign to indicate the department; and if these are always quoted it is a fairly simple matter to trace the maintenance cost of each item over a period. Tools and stores should also be allocated direct to departments wherever possible, although in regard to many items it is perhaps better to have them delivered in bulk to a central store and distributed as required, so as to save a multiplicity of small requisitions and purchases which are both troublesome and expensive. All tools and stores should be kept under lock and key and in charge of a storekeeper, who should be held responsible for all issues.

Close co-operation between the costing and estimating departments is very desirable if full advantage is to be taken of the work carried out by the former. While it may be true, as many sales managers allege, that selling prices are ruled by what the buyer will pay and not by the cost of production, yet the latter is an essential minimum

for profitable trading, and the question of whether prices charged are above or below cost is a vital one for any company. In some cases it may be advisable, or even necessary, to take orders below cost as a question of policy; but this should be done only with open eyes and a full knowledge of the facts. The cost department should also be consulted in regard to questions of special operations and new processes, so that the costs may be investigated and approximate figures worked out; many a firm has been involved in a heavy loss owing to figures of this kind having been "jumped" by an over-sanguine estimator.

Lastly, two essentials in regard to costs are: (1) They should be compiled week by week, so as to be available practically as soon as the job is completed; and (2) They should be considered as indications of steps to be taken, not merely as ends in themselves or records of the past. Too often we find neither condition observed. Costs are produced long after the order has been finished and the individual circumstances forgotten, and at too late a date to be of any interest as a guide for the future. Again, there is often a tendency on the part of those in authority to consider them as part of the normal procedure and of only perfunctory interest, except perhaps when they come out badly, when they are often denounced as incorrect and swept on one side. It is not remarkable that directors who treat costs in this way usually consider a cost department to be an expensive luxury and its organization a waste of time and money. Costs properly used and practically applied are of great value to any manufacturing concern; but they will not put things right

themselves. Any discrepancies they reveal must be traced through to their causes and the necessary remedies applied; and this is the function of the executives and not of the cost department. Costs are pointers, not correctives; they must stimulate action, or they are valueless.

CHAPTER XIV

INSURANCE

IN these days insurances of one kind and another form quite an important item in the arrangements of every company, and one which is practically always under the personal supervision of the secretary; and in this chapter it is proposed to outline the various kinds of insurance usually adopted and the principles which should be followed in dealing with them.

NATIONAL INSURANCE

National Insurance—Health and Unemployment—may be taken first, as being compulsory and therefore universal. The contributions of employer and employee are in most cases identical, and are usually provided by deducting the employees' contributions from the weekly wages or salaries and adding the amount of the employer's contributions to the gross amount of the wages and salaries cheques, which should give each week the total value of the stamps to be affixed. If stamps to this exact sum are purchased weekly and affixed to the individual cards an automatic check is provided. There will, of course, be odd stamps to be affixed to the cards of employees who leave during the week; but this can be covered by keeping a small stock of insurance stamps in the petty cash and replacing any used from those purchased out of the weekly cheque, so that the petty-cash stock will be made up to the original

figure each week. The cards should be stamped by some other member of the staff than the one who actually purchases them, so as to furnish a check on this portion of the work. According to the law the cards should be stamped at the actual time that the wages are paid; but this is impossible in practice, and is usually done on Saturday mornings.

The cards should be carefully kept in some recognized order—alphabetical, numerical, departmental, or otherwise—so that they can be found immediately when required. No employee should be allowed to start work unless the cards are produced, and the use of emergency cards should be confined to very exceptional cases, as there have been many irregularities due to this cause. Care should be taken to record the exact age of all employees, so that juvenile contributions may be correctly adjusted, and health contributions by employees stopped when they reach the age of 65.

Workpeople's cards need not be stamped for any week during which they render no service; and this will apply to "holidays with pay" weeks. The cards of members of the staff are always stamped for holiday periods, and in cases of illness the unemployment card only is stamped. Many firms pay their staff full salaries when absent through illness for a considerable period, often three months or more; and when this is done it is usually understood that the employee hands over to his employers the amount he receives in National Sick Benefit. If payment in advance is made in lieu of notice it is not necessary to stamp the cards for the period covered by the payment. In the case of certain juvenile workers earning less

than 3s. per day the employer may be called upon to pay a higher proportion of the unemployment contribution, the employee's share being proportionately decreased; and this point should be carefully watched where such cases arise.

WORKMEN'S COMPENSATION INSURANCE

As regards voluntary insurances, the most expensive item nowadays is usually Workmen's Compensation Insurance, i.e. insurance against the liabilities imposed on employers by the various Workmen's Compensation Acts. A few of the largest concerns, such as the Railway Companies, for instance, form their own funds against this risk; but practically all trading companies cover it by insurance. The premiums are based on the actual wages paid, and are paid in advance at the agreed rate on the previous year's wages figure, the necessary adjustment being made at the end of the period, and added to or deducted from the premium for the following year. The rate of premium varies for different classes of workers, and also with the actual totals of claims made, so that if the claims are high for two or three years the rate will be increased, and if the claims are very low it may be possible to get a reduction.

Every accident, however small, should be reported to the Insurance Company immediately on forms furnished by them; and in the case of any claim being made their doctor will examine the employee and advise them on the matter. In the event of a legal claim they take over the whole case and deal with it on behalf of the employer. Where compensation payments are made weekly it is the practice for the employer to make them

in the usual way, and send in a claim to the Insurance Company once a month, when they will send a cheque in reimbursement. In the case of large lump-sum awards the Insurance Company generally pay them direct to the employee. In either case full details must be kept at the office for reference.

FIRE INSURANCE

Fire Insurance may be considered next. The premium in this case is based on the value of the buildings and their contents; and the rate is only a few shillings per cent, except in the case of particularly hazardous risks. It is essential to cover for the full value involved, as if anything less is covered and a fire takes place the company will be considered as its own insurer for the difference, and only a proportion of the loss will be paid. The contract is one of indemnity, and the liability of the Insurance Company is confined to recompense for the actual loss; if they prefer they can insist upon replacing what is destroyed instead of paying the claim, but this course is never adopted in normal circumstances. The usual practice is for the Insurance Company to send an assessor to go over the site and examine the figures, and his estimate is generally conclusive.

Where the factory is large it will be divided into separate blocks for insurance purposes, and a figure covering buildings and contents under various headings arranged for each block. It is advisable for the secretary to see that he is informed of any substantial change in the contents of a block, as they will be considered separately in case of fire, and if any item transferred brings

the value of a block above the figure covered the block may be treated as under-insured to that extent. Any buildings involving special risks should also be segregated and a higher figure arranged. On the other hand, where buildings are suitable for protection by sprinklers or other automatic fire-fighters the installation of such devices will reduce the premium. Loss of profit may be covered as well as loss of property, and this is an important point in cases where the destruction of plant may stop production and reduce turnover to any great extent. Full figures of previous profits over a period must be given, and in the event of a claim evidence must be produced that the works would have been occupied to their normal extent for an agreed period. The Insurance Company will make their own plan of the buildings and schedule of values, and any alterations must be notified to them at the earliest possible moment.

MISCELLANEOUS INSURANCES

Boiler, Engine, and Steam-pipe Insurance is important where steam is used for power or other purposes. The amount covered is generally substantial, as the risk, in the event of a burst, is not confined to the value of the boiler or pipework, but may cause widespread damage to life or property. Insurance Companies impose very stringent regulations in regard to such installations in the first instance, and carry out periodical inspections subsequently to see that everything is in order. Prevention rather than indemnity is the aim, and in view of the terrible effects of such explosions it is fully justified.

In these days of electrical power many works do not use steam at all, and the Insurance Companies cover the electrical installation on similar lines. The position, however, is rather different, as in the case of electrical plant the risk of explosion does not usually arise, and any damage done will probably affect only the plant itself.

Firms doing outside erection or contract work should have a third-party policy to cover them against damage suffered by other people through negligence or accident on the part of their employees. Such risks may be very considerable in some cases; and the premium will be based on a maximum agreed figure and will depend on the experience of previous years.

Motor-car Insurance is, of course, essential in the case of firms owning cars and/or lorries, and will be on the usual lines except that a reduction can usually be obtained where several vehicles are insured.

Theft and Burglary Insurance is highly desirable, and is quite cheap. Money for salaries, wages, and other purposes can be covered from the time it is drawn from the bank until it is paid away; and the premium is based on the actual amount carried in the course of the year, being paid in advance on the basis of the previous year and adjusted at the end of the period.

Credit Insurance is adopted by some firms, the premium being based on the value of the turnover and varying with the amount of bad debts incurred during preceding years. It is doubtful if it is justified in normal cases, as if proper credit precautions are taken it should hardly be worth while. The Government scheme for Export Credits

is in a different category, and may be of distinct advantage where export business with new connexions is involved.

Where a shipping business is done, Marine Insurance is essential. The premiums are based on the consignment values and destinations; but many firms take out bulk policies for a total amount covering a period, in which case an insurance certificate is issued for each consignment instead of a separate policy, and when the total sum is exhausted a further policy is taken out on the same lines. There are many difficult points which arise in connexion with Marine Insurance, but these are fully dealt with in legal textbooks and cannot be considered here.

Fidelity Insurance, covering possible losses by fraud or embezzlement on the part of employees, is often taken out in respect of members of the staff handling large sums of money or valuable goods. Full details of the employee's previous record must be given, with particulars of his duties and the value of the money or goods to be handled by him. There are one or two companies which specialize in this class of insurance, but most Insurance Companies deal with it; premiums are not very high for employees of good character, and it is advisable to cover the risk, though care must be taken that this does not lead to laxity in administration, as has happened in some cases.

RECORDS, ETC.

There are other forms of insurance which apply in special cases, but the above covers the usual requirements in this direction. One or two points of general application may be mentioned. An

insurance register (see below) should be kept, in which should be entered the dates of renewal of all policies, with brief descriptions of insurances and amounts of premiums. This serves a useful purpose as a reminder to pay the premiums at the proper date. While the Insurance Companies always send notices of renewal they are under no

INSURANCE REGISTER

Date of Policy	Name of Company	Nature of Policy	No. of Policy	Amount of Policy	Pre- mium	Date Due	Period Covered	Amount Re-served	Remarks
					£ s. d.				

obligation to do so and accept no liability in the matter, so that if the notice does not arrive or is overlooked the responsibility rests with the firm. Again, a register is very useful at the end of the financial period, as insurance premium dates hardly ever coincide with the beginning of the financial year, and there are always a number of reserves to be made for premiums covering part of the next period; and the register provides the necessary information in a complete and easily adjusted form.

Insurances of any kind should be taken out only with reputable and sound financial concerns; the loss of the premium might not be a serious matter, but a company's failure to meet a heavy claim might be calamitous. Again, cheapness in insurance, as in other things, is not always the best in the long run; onerous legal limitations and

general "tightness" in the event of a claim might far outweigh any saving in the cost. For the same reason, it is not advisable to be always changing insurances; an old connexion is usually valued, and personal acquaintance often helps to get a good settlement when a claim arises.

CHAPTER XV

LABOUR-SAVING DEVICES

IN recent years there has been a remarkable extension in the use of labour-saving devices in the office. It is doubtful whether these should not rather be termed "labour-serving devices," as while they undoubtedly do save labour to a considerable extent, in many cases the ease with which they enable work to be done and the speed and accuracy of their operation lead to many tasks being done by their aid which would not be undertaken at all without them, and consequently in many instances the amount of labour employed is not considerably reduced, but is engaged in furnishing more information and ensuring greater efficiency in organization. However, the principle is the same by whatever name they are called, viz. the supersession of manual effort by mechanical appliances, often termed the "mechanization" of the office.

INTRODUCTION AND USE

Before considering the details of the various types of mechanical appliances available for this purpose, it would be as well to look at a few general points regarding their introduction and use. The first is the difficulty of deciding upon the actual make and scope of the machine to be installed. Their name is legion, and their capacity and adaptability vary very widely. Every maker approached will, of course, press the advantages

of his own appliance; and as in most cases the secretary will have had no practical experience of the usefulness of any particular machine for his purpose, it is hard to find out which is really the best suited to his needs. His best plan is to approach other people who are carrying out similar work mechanically and endeavour to enlist their help, and if possible get permission to inspect their installations. If he can go over the offices of two or three firms doing similar work with different appliances, it will enable him to form some definite judgment upon the suitability of what is offered him.

Another point to watch is that of the capacity and probable amount of use of the machine. Office machinery is usually expensive, and unless it can be used fairly constantly it hardly justifies its installation. It is of little use to put in a machine which can do in an hour what is taking a week by manual methods. There will obviously not be nearly enough work to keep it fully employed, and what work there is will probably come forward in such small quantities at such long intervals that it will not be worth while to use the machine for it. Again, unless an operator is working a machine fairly regularly she does not acquire or retain the competence and speed to get the best out of it. In this connexion there is often a tendency to go to the other extreme and find work for the machine to do which is either unnecessary or superfluous. In many cases where new calculating plants are installed sets of figures are got out which are referred to only while the idea is fresh, and are subsequently ignored and lost sight of; but the machine operator goes on turning them out

ad infinitum. There must be a sense of proportion when purchasing and effective supervision in use if the best results are to be obtained.

It is very seldom possible to introduce machines without varying existing methods to some extent, and it is advisable to go over the whole ground thoroughly in the first instance to see how far this is necessary or desirable. While most machines are adaptable within limits they may necessitate alterations in forms, in order of work, in mental attitude, without which they cannot be used to advantage; and there must be willingness to depart from old habits and customs, and to adapt the work—and often the worker—to the machine, if they are to be successful. In many cases the comparative failure of mechanization can be traced to this cause; and the secretary must be prepared to introduce and insist upon any alterations in procedure which the introduction of machines may render necessary.

Lastly, there is often the objection of the staff to take into account. People who have been doing work in a particular way for a long time, and have perhaps developed skill and facility by long practice, are not likely to look with favour upon the introduction of a mechanical device which will enable it to be done by girls with brief training and little experience at a fraction of their salary. Apart from the fear of losing their posts, their dignity is hurt; and it is difficult to reconcile them to the change, even if they are assured that their job is safe and that they will be relieved of a lot of mental drudgery. The position needs handling with tact, especially when it is borne in mind that unless machines are used willingly and

sympathetically the desired results are not likely to be obtained; and unless a clean sweep is to be made—a most undesirable way of dealing with the position—the existing seniors must be persuaded and convinced that the machines have been introduced in their own interests as well as in those of the company, and that co-operation in their use will be to the advantage of all concerned.

To turn to the machines themselves, they may perhaps be conveniently divided into three classes: (1) Those connected with correspondence in various ways; (2) Accounting and book-keeping devices; and (3) Statistical and recording machines.

MACHINES CONNECTED WITH CORRESPONDENCE

In Class (1) shorthand and the typewriter are in such general use that they need not be considered in detail. Then there is the dictating machine, the details of which have been outlined in the chapter on correspondence. The typewriter has been elaborated in many ways in recent years. Attachments for tabulating, adding, and accounting are in frequent use; billing machines and book typewriters are well known; and the continuous-stationery principle is often adopted for invoices and letters which are always written on similar forms. Typewriters with special type for invoicing and other purposes are now on the market; and altogether the original form of typewriter has been metamorphosed until almost any form of writing can be done with it in any form of record.

The addressing machine is an extremely useful

adjunct in an office where there is any considerable amount of repetitive addressing. There are two distinct kinds: (*a*) That using metal plates with embossed type, with which the address has to be set up on a special machine, and (*b*) That using fibre stencils which can be cut on an ordinary typewriter. The latter have the advantage that the stencils can be cut in the office by the ordinary staff, whereas with the former it is necessary either to purchase an embossing machine or to have the plates made outside, which involves trouble and delay. On the other hand, the metal plates are far more permanent and stand much more usage and handling. The choice is largely a question of individual preference, but usually the metal-plate machines are adopted by large firms and the fibre stencils used where the requirements are only moderate.

Machines of this kind can be used to produce lists of shareholders and for addressing annual reports, notices, dividend warrants, etc. As they can all be adjusted to reproduce either part or the whole of the matter on the plate or stencil, they are frequently used for the dividend warrants themselves, the full details appearing on the top half, and the name only on the cheque portion. Lists of customers who are regularly circularized, monthly statements addressed in advance, wages sheets and summaries, and many other lists of names regularly repeated are addressed in this way. Again, they can be used where many copies of the same address are required, as in daily letters to travellers, agents, etc., or reply envelopes for the firm itself. They save a great deal of time; and, what is even more important, they ensure accuracy, as once a plate has been set up and

passed as correct any reproduction from it must be right.

The duplicating machine is found in all offices to-day. There is an enormous range of duplicators of all kinds, from the gelatine tray to the complete printing installation. Most firms of moderate size use the type with which stencils are cut by the ordinary typewriter, the genuine printing outfit being adopted by only very large establishments. Duplicators are very useful where more copies are required than can be produced with carbon paper, and in most cases any number from, say, eight or ten up to several hundreds can be made from one stencil. Regular or occasional circulars up to several hundreds in number; works orders, where several copies are required; office forms and returns of all kinds; even semi-personal communications, if the names and addresses are carefully matched in—all these can be done by duplicating at a great saving of time and expense. For reproducing drawings, specifications, etc., there are several types of photo copier on the market, and these are very useful where several copies of any document are wanted.

Machines for opening, sealing, stamping, and franking letters have been widely adopted in recent years. It is rather doubtful if opening and sealing machines justify their use except where very large numbers of letters are involved; and stamping machines are not always satisfactory in practice. The franking machine is certainly worth while, even given a concern of only medium size; it has the great advantages of speed, cleanliness, accuracy, and security; and the combination of a selling slogan with its stamping function is decidedly useful.

Much time can be saved by the use of combination forms where applicable. For instance, where orders are simple and are sent off in one lot it is possible to arrange the method of entry so that the order itself with the requisite number of copies, the advice note, the invoice, with probably a traveller's or agent's copy as well, can all be produced at one operation. Care must be taken to use such forms only in suitable cases, as otherwise they may cause a good deal of waste and many alterations in quantities and figures; but the principle can be applied so as to save considerable time and money.

Window envelopes are in almost universal use for ordinary communications, and have the double advantage of saving time and avoiding errors. The time spent in addressing envelopes is entirely cut out; and as nearly all the mistakes made in addressing are on the envelope and not on the letter the use of window envelopes does away with these. Care must be taken to see that the letters or other papers are properly folded so as to ensure that the address is clearly visible through the window, and arrangements must be made for envelopes to be specially addressed for private communications and large documents; but, generally speaking, window envelopes can be used for 90 per cent of the postal matter sent out by the average firm, to the great advantage of all parties.

ACCOUNTING AND BOOK-KEEPING DEVICES

As regards Class (2), ledger-posting machines, with the indispensable accompaniment of loose-leaf or card ledgers, are now in general use if the

office is of any considerable size. There are many types to choose from, but they all possess the advantages of speed and accuracy, the automatic check on the figures afforded by practically all of them being perhaps their outstanding feature. In ordinary hand-posting it is practically impossible to locate an error until the books are made up at the end of the month or quarter; and then it is often necessary to call over thousands of entries in order to trace it. In mechanical posting any error in amounts will reveal itself on the day it is made, and it is a simple matter to run through the figures and put it right. The check is of course confined to the figures themselves; if an item is placed to the debit or credit of a wrong account the check does not necessarily disclose the mistake. Most errors, however, are made in the amounts posted and not in the accounts to which they are placed; and a daily proof against mistakes of this kind is an immense advantage. The pace at which the work is done is also much faster than by hand; and where the statement is compiled at the same time there is a great saving in this direction also. It must be admitted that statements made up in this way are often cumbersome in appearance and contain a great deal of information which is of no practical value; but it is much quicker than making them out separately at the end of the month, and that is considered quite a sufficient justification for their use in many cases.

The old-fashioned system of counterfoil receipt books, in which receipts for cash received were made out by hand and entered into the cash book from the counterfoil, has now been substituted in many cases by receipt forms in pads which can be

typed by a special machine which types the details on a loose cash sheet at the same time, and often types a bank slip and posting sheet in addition. A similar method is often used for making out cheques, the cheque, cash sheet, and control sheets being produced simultaneously. A great deal of time can be saved in this way; and as there is no copying of entries to be done and there is an automatic check on posting, the risk of errors is reduced to a minimum. Where this method is not adopted, special cheque-writing machines are usually employed, designed to print the details in such a way as to make it practically impossible to alter an amount or a figure; and these, in addition to ensuring safety, also increase speed, as cheques can be made out by such machines much faster than by hand operation.

Cash registers are generally used only in retail establishments where payment in coin is the rule rather than the exception; in factories, where the reverse is the case, they are seldom required. In large concerns cash-sorting machines for use in paying wages are occasionally utilized, but they are valuable only where very large amounts of cash are in question.

STATISTICAL AND RECORDING MACHINES

In Class (3) perhaps the greatest progress has been made in recent years. There are a great many calculating machines on the market, from the simplest form of adding machine to the complicated punching-machine outfits. The latter are suitable only for very large concerns with extensive statistical requirements, and cannot be dealt with in detail here. The general utility calculating

machines, which will do any kind of ordinary figure work, are suitable for any small or medium-size concern, and can be supplemented by adding or listing machines as necessary.

By the use of these machines it is possible to relieve the various departments of practically all figure work. For instance, estimates can be worked out and added up once the quantities and prices have been filled in; wages sheets can be dealt with in the same way; outward invoices extended and totalled and discounts deducted; inward invoices checked as to quantities, weights, and prices; all book-keeping additions and totals calculated; totals dissected and costing of sectional records compiled and aggregated; and statistics of all kinds prepared and kept up to date.

All work done by one operator can be checked by another, so that no further confirmation should be necessary. By this means senior clerks can be relieved of all the drudgery of mental calculations involving thousands of figures, and can spend their time far more profitably in promoting the efficiency of their departments. Again, the machine makes it easy to produce many records and statistics which would have been considered out of the question by hand methods, owing to the time and expense involved; and while in this respect it may particularly be considered a labour-server rather than a labour-saver it should be equally serviceable to the firm. Speed is also a great point; the machine operator will produce figures far more quickly than any ordinary clerk, or even than most expert mental calculators.

To take full advantage of this means involves some little readjustment of methods and a

give-and-take spirit in the members of the staff. Usually the machines are installed all together in a central room, and the work has to be taken to them and done in turn—both conditions disliked by some seniors, especially at first; but like most other things this is merely a question of practice, and people who are accustomed to working on mechanical lines never even think about it.

OTHER MACHINES AND APPLIANCES

Card indexes and record systems of various kinds are very popular to-day; and the original set of loose cards in a wooden box has been largely superseded by the numerous devices for storing cards or records on vertical stands or in special cabinets with various means of rendering the records permanently visible or readily accessible. It is possible to get a suitable equipment for practically every type of record; and the details vary according to requirements—and the banking account of the purchaser!

The telephone, like the typewriter, is taken for granted in all offices to-day; but there have been in recent years great improvements in telephones for internal use, and most firms of any size have their own private telephone installations quite distinct from the national service. Such installations save a great deal of time and expense, and are in many cases so arranged that several people can be connected to one instrument at the same time, so that conferences can be held and views interchanged without the parties concerned having to leave their rooms.

As regards outside telephone work, the introduction of the "Teleprinter," by which a message

typed at one end (say in London) is automatically reproduced at the other end (say in Manchester) in exact facsimile, has proved of immense value to firms having frequent messages passing between two distant points; and the fact that no mistake can occur in transmission gives such messages a great advantage over the ordinary verbal telephone method. The system is rather expensive, and its installation is perhaps justified only where transmission between two definite points is frequent and important; but its benefits are obvious and substantial.

CHAPTER XVI

STAFF RELATIONS

THE relations between the secretary and the directors on the one side and the staff on the other, call for the exercise *in excelsis* of that supremely important secretarial quality—tact. To the directors the secretary is the channel through which their decisions in regard to the policy of the company are carried out, at all events so far as the commercial organization is concerned. It is their duty to guide and control. It is his to organize and execute; and they will judge him by the efficiency and economy of his arrangements, and his capacity for carrying into effect their views and decisions. Sometimes it may be his task—perhaps an unpleasant and difficult one—to convince them that they are asking for something which is impossible or unreasonable, at all events with the staff and machinery at his disposal. In such cases he should do everything possible to present his views in a reasoned and incontrovertible manner, and, if at all possible, should present an alternative scheme showing how far their wishes can be met and what results he can obtain in the desired direction. Most directors are capable and reasonable men; and while they would probably resent and condemn a blank *non possumus*, they will generally recognize the force and validity of a well-documented and constructive exposition of his views. Such occasions do not arise very often; but when they do it is far better to face them boldly in this way than to

make a feeble effort to achieve the impossible, knowing in advance that it is foredoomed to failure.

As the connecting link between the board and the staff, it is the secretary's duty to convey to the latter their decisions and wishes, to explain fully the ends to be attained and discuss the means to be employed, and to endeavour to secure the harmonious co-operation of his colleagues. While the responsibility of devising methods and procedure rests upon his shoulders, it is always worth while to consult freely the heads of departments and senior officials before actually putting any changes into operation; they will have to carry them out, and their knowledge of detail will frequently enable them to suggest improvements which, while not affecting the principle involved, will render its fulfilment easier and avoid friction. Even if it may not be possible always to accept their suggestions, the very fact that they have been consulted makes things easier and obviates any feeling of soreness or ill will.

SALARIES

Economy is, of course, one of the vital elements in business organization; and the directors will naturally expect the office to be run as cheaply as possible consistent with efficiency. The question of salaries is the first element, though not by any means the only one, in this connexion. The rate of payment for most classes of office work is usually fairly well established in industrial districts, and the secretary will be considered lacking in his duty to his directors if he pays much above the recognized standard. If, on the other hand,

he tries to economize by paying less than other people, he will probably find that he will lose the best and most promising members of his staff, particularly the younger ones, and that he will not get the willing and efficient service he might otherwise obtain. Frequent changes of staff are expensive in themselves; every new member has to be initiated into his or her duties, and full efficiency is obtained only after a period which varies greatly in different cases.

The adjustment of salaries is usually made on one or other of two different bases. It is either done annually, generally at the end of the year, in accordance with a prearranged scale based on age and capacity, or it is dealt with during the year as individual cases arise, chiefly on birthdays. Each method has its own advantages. The annual system is the most convenient, as all the staff are dealt with at the same time and on the same lines, and a comparatively accurate estimate of salaries for the ensuing year can be made up. On the other hand, when it is known that all salaries have been considered at a certain date there is liable to be a feeling of soreness in those who have not been given an advance; and the knowledge that no increases can be expected for twelve months tends to decrease enthusiasm and incentive. A standard scale, too, is often a deterrent to individual effort; definite rises, no more and no less, are anticipated at definite dates, and if the scale is rigidly adhered to capable and promising youngsters are liable to be discouraged and tempted to go where their energy and efficiency will command something more than an average reward.

On the other hand, the merit system is far more troublesome, as it means that separate individual salaries are considered at all times of the year, and the salaries list is changing every month, or perhaps even every week. In many cases, too, it is left to the employee to apply for an increase, which is very much disliked by the more bashful members of the staff. Probably the annual increase according to scale, if the latter is interpreted with reasonable elasticity, is the best method in a concern of any size, although the individual system can be worked quite well where the numbers in question are only moderate.

Under either system the secretary will probably be expected to put forward his recommendations as to the advances to be given. These should be carefully considered, and he should be fully prepared to justify any suggestions which may be called in question. Again, appeals may be made by members of the staff against the decisions of the directors, in which case it is his duty to put these appeals forward and express the views of the individuals concerned, together with his own recommendation. In such instances he should endeavour to maintain an impartial attitude, remembering, however, that the staff rely on him to put their case forward to the best possible advantage, as they have usually no means of getting into personal touch with the directors, and are consequently almost entirely in his hands.

EFFICIENCY

The next element to be considered is that of efficiency in organization, which has quite as important an effect in obtaining economy as the salaries paid.

The first point in this connexion is time-keeping. Unfortunately, human nature being what it is, some check upon times of arrival and departure is essential in all but the smallest offices. There are various checks in use, e.g. booking-in by a commissionaire or other authorized person, signing a time book, or punching a clock. The exact means adopted is not important, but the principle of punctual arrival should be maintained. A watch should be kept on the records, and persistent late-comers should be reprimanded and warned that they must mend their ways or leave the firm's employ. Punctuality, after all, is merely a matter of habit; and it is invariably found that where a proper check is kept and enforced the staff almost always keep good time. It is important to emphasize that it is useless to keep the record unless the secretary or some other senior official goes through it and lets it be known that he does so. In many cases elaborate arrangements are made to provide records and they are never looked at by anyone in authority; this is soon realized, and their effect is simply negligible.

Just as arrangements should be made to ensure punctual arrival, so the work should be organized to ensure punctual departure. This is often a weak point, particularly in correspondence departments; but if the staff are expected to arrive promptly they can reasonably expect to leave promptly, and it is the duty of the secretary to ensure this as far as possible. Occasional overtime is unavoidable, and the necessity for it is usually recognized; but persistent overtime, generally due to faulty organization, is quite another matter. Late work, alike in the office and in the factory,

is never really profitable; it is seldom equal in quality to the work done in normal hours, and involves expenses for lighting, heating, food, attendance, etc., which are all unnecessary in the ordinary way. Further, it is almost always found that in departments which regularly work late the pace maintained during normal hours is liable to fall off, so that very little is gained in the end. In some departments, such as the postal section, for example, some work must be done after ordinary hours; but this should be recompensed by special payment or time allowances, and does not affect the general principle.

In the general organization of the work during the day the secretary should see that all the staff are fully and profitably occupied, while avoiding anything in the nature of "nigger-driving" or "grinding-down." In most staffs where the conditions are good there is a general willingness to do a proper day's work, although of course this does not mean that supervision can be dispensed with. In these days periodical breaks for rest and/or refreshment are almost universal, and it is far better to have recognized arrangements of this kind than to have members of the staff surreptitiously visiting the kitchen or canteen at odd intervals. In any case, female machine operators should always be given short breaks at regular intervals; such work is tiring physically as well as mentally, and prolonged spells without stopping are liable to cause breakdowns.

In these days of specialization, the principle of the division of labour is accepted in all offices, although the extent to which it is followed depends largely on the size of the business. The end at

which the secretary should aim is to achieve the greatest possible efficiency in the different departments without tying the staff down to the eternal repetition of the same routine function, and, what is perhaps even more important, without breeding a departmental spirit which knows and cares nothing about what is being done in other departments, or the policy of the concern as a whole. Young men particularly should be given the opportunity of moving from one section to another, and of learning something of the different branches of the organization. All too often heads of departments, while specialists at their own particular work, consider themselves responsible only for carrying out their own sectional duties, and are totally uninterested in the relations of their department to the others, or in the question of co-operation with other officials to the best advantage of the company. Such men have usually spent all their working lives in the one department; and this rigidity of spirit would probably never have developed, to such an extent at all events, if they had been "switched about" in their early days, and had studied the problems and difficulties of other sections. This problem is frequently dealt with by periodical meetings or conferences of departmental heads, where debatable questions can be discussed in the light of their impact on the work of each of the officials concerned. Either by this means or otherwise the secretary should endeavour to maintain an atmosphere of collaboration and mutual interest. A good deal can be done in this direction by personal contact and sympathy with the officials concerned; and in any office of moderate size the secretary can do all that is

necessary to keep things moving smoothly without the necessity for much in the way of formal methods of consultation and conciliation.

While the secretary will not usually have any actual control over the works side, his position as organizer of the office section will naturally bring him into touch with the works management in many ways; and the cultivation of amicable relations between the two sections will have an immense effect on the efficiency of the company as a whole, and the satisfaction it is able to give to its customers. Too often there is a touch of asperity in the relations between the office and the works; not merely independence of each other, but a definite antagonism in outlook. It should be the special function of the secretary to eliminate any feelings of this kind, and to get the whole organization working as one unit, each section in complete harmony with the others.

This is by no means as easy as it sounds. The viewpoint of the engineer or works manager is usually quite different from that of the commercial side, and the works are often somewhat resentful of any form or suggestion of control from the office. The secretary, in any case, is not usually in a position to say that the works must do this or that; he can only use his powers of suggestion or influence, and consequently the position often calls for careful handling and the exercise of a great deal of tact.

As practically all instructions are conveyed to the works through the office in the first instance, it is up to the secretary to see that these instructions reach them promptly, accurately, and in a readily understandable form. Orders, for instance,

should be clearly expressed and plainly typed. It is a good plan to let the works have the top carbon copies, where they are produced by that process, and keep the lower and fainter copies for use in the office. The shops have not usually the same facilities for handling copies as the clerk at his desk; works copies are more likely to get dirty, and to be read in a poorer light. These things the secretary cannot help; but he can assist by seeing that they have the clearest copies in the first instance. The grouping of the items and the number of copies issued should be such as to suit the works conditions. Every effort should be made to get the orders into the works early in the day, so as to give as much time as possible to making the necessary arrangements for manufacture and dispatch.

Any alterations in form or procedure which affect the works in any way should be discussed with them before being carried into effect. Often they can suggest changes—usually of a minor character—which will facilitate progress through the shops or fit in more readily with existing methods; sometimes they can show that the proposed alterations are not improvements at all, but quite the reverse. Even if no suggestions result, the fact that the works have been consulted in advance will make the changes easier to effect; it is always irritating to any section to have changes in methods suddenly thrust upon it without previous discussion or warning.

The position of the secretary at the hub of the wheel, so to speak, and the fact that all correspondence passes through his hands in the first instance, render it easy for him to detect weak points in

organization or execution. Repeated complaints or criticisms on particular points tend to show that something needs attention; and where such matters concern the works it is his duty to call their attention to them and suggest remedies if he can. A good deal depends on the way in which this is done; but if the secretary is on good terms with the works management and both parties are satisfied that everything is being done in the interests of the company and its customers, there should not be any great difficulty in getting the weak spots strengthened or eliminated. Such questions as the methods of supplying costing information, of installing proper checks on wages figures, and other matters which must necessarily be carried out in the works, should be amicably discussed when occasion arises, and every effort made to deal with them on friendly lines.

The drawing office and other technical departments call for co-operation on somewhat similar lines. The secretary's control over them will probably be limited to points of general organization, such as time-keeping, methods of issue of drawings or other details, the provision of supplies of stationery and other requisites, etc.; but he forms the link between them and the customers of his company, and should keep in close and friendly contact so as to be able to put the commercial point of view before them when occasion arises. An impartial attitude and a helpful spirit will go a long way in this direction, and will enable difficulties and divergencies of view to be overcome, if not always easily, at all events without the friction which often arises in such relations.

CHAPTER XVII

BOARD MEETINGS

WHILE the purpose of this book is to deal with secretarial work in its commercial rather than its technical aspect, it may be desirable to touch briefly upon the subject of directors' meetings, as the secretary is primarily responsible for their arrangement and organization.

In most companies of moderate size Board meetings are held once a month, usually on a regular day, such as the last Tuesday, the second Wednesday, etc., and generally at the offices of the company. Where this is the case it is not legally necessary to send out a notice of each meeting; but in practice this is always done, even if only as a matter of courtesy. In the same way it is not absolutely necessary to send an agenda with the notice, as the directors are the general agents of the company and are supposed to deal with any matters which may require attention; but it is always advisable to send at least an intimation of any special business. If this is not done, a director may put himself to considerable inconvenience to attend a meeting at which only formal matters are considered; or, on the other hand, he may be absent when he would certainly have attended if he had known that important questions were coming up for consideration. It is perhaps best to send as complete an agenda as possible in all cases, so as to avoid any possibility of recriminations on this score.

There are certain figures and reports which come

up at every Board meeting, and these will of course be collated by the secretary in the ordinary course of his duties and put into proper form in good time for the meeting. Other matters which call for decision by the directors may arise at odd intervals during the month; and all papers and information regarding these should be collected and put in a safe place ready for production when necessary. It is a good plan to have a special drawer or cabinet kept under lock and key where all papers for the Board can be placed; if this is done regularly it soon becomes automatic, and saves the trouble and annoyance of last-minute searches for important documents.

PREPARATIONS FOR MEETING

The secretary should see that the Board-room is ready in good time, and that all papers and documents which are likely to be required are either on the Board table or on a side table ready for immediate production in case of need. Nothing is more unfortunate than for the secretary to have to leave the room to find papers which the directors think, rightly or wrongly, should have been produced immediately when asked for. Of course, it is not always possible to foresee exactly what may be required; but a little forethought will render it possible to be prepared for most emergencies. A copy of the company's Memorandum and Articles of Association and a legal handbook of some kind should always be available. Most directors are business men rather than experts in the technicalities of company administration, and they will look to the secretary to keep them straight in such matters, and to see

that any action taken is within their powers, either generally or as prescribed by the regulations of their particular company.

An agenda should always be drawn up by the secretary and submitted to the chairman or managing director for approval before the meeting. Opinions differ as to whether or not an Agenda Book should be kept, or whether all agendas should be on loose sheets. Some authorities consider that only one permanent record should be kept, i.e. the Minute Book, and that an Agenda Book is unnecessary and is liable to cause confusion if there should be any variance between the two. In the writer's view there is not much force in this contention; and his practice has been to have a bound Agenda Book for the use of the Chairman, and loose sheets for the other directors, room being left both in the book and on the sheets for notes to be made as the meeting proceeds.

PROCEDURE AT MEETING

In some cases, again, a Directors' Attendance Book is kept and signed by each director at the commencement of the meeting. In others the names of those present are merely entered in the minutes without any personal signatures. Where the directors' fees are proportioned according to attendances made it is probably better to have a signed Attendance Book, so as to avoid any possibility of dispute as to whether a director was present at any particular meeting or not; apart from this it is merely a question of practice and of no practical importance.

The meeting will probably begin with the reading

of the minutes of the previous meeting, though if, as is often the case, they have been circulated beforehand this can be omitted, and they can be taken as read and signed by the chairman, thus saving valuable time.

The Bank Pass Book and Balance Certificate will probably be the next item. Here again procedure differs. In some cases the certificate is addressed under seal to the chairman, and the Pass Book, also under seal, placed on the table and compared by him or one of the other directors with the certificate. This does away with any possibility of interference with the figures, and also ensures that they are absolutely up to date; but it prevents any reconciliation of the bank account with the company's books, and in such cases it is usually the practice to accept the figures subject to subsequent confirmation by the secretary, or with some similar qualification. If, on the other hand, the figures are made up to an earlier date and reconciled before the meeting, there is the certainty that they are correct, and the reconciliation statement may furnish useful information which is not obtainable from the bank figures alone.

The trading figures to be submitted will, of course, vary with the individual company, but there is practically always a statement of sales for the month, often dissected into the various sections of the business, and with comparative figures for other periods, often covering a number of years. Statements of purchases, salaries, wages, and other expenses on similar lines usually follow, and also details of contracts on hand, with quantities supplied or taken to date, and particulars of forward commitments or liabilities. Works reports of

production, stocks, plant requirements, etc., generally come next; and then any special questions relating to the business, such as new developments, additions to premises or equipment, or any other matters of importance. If there are any transfers of shares to be passed and certificates to be signed and sealed they will probably come next, and be followed by the signing of cheques, if this is done at the meeting. Minor points requiring attention, and the fixing of the date of the next meeting, usually conclude the business.

It frequently happens that questions come before the Board for decision which involve the perusal of a large number of letters or other documents. In such cases it is desirable for the secretary to prepare in advance a *précis* or summary of the papers and to furnish each director with a copy, so that a grasp of the subject can be obtained readily and without either reading through the whole of the original correspondence, which would involve considerable delay and inconvenience, or giving an account of the matter verbally, which is a dangerous proceeding and likely to involve errors of omission or distortion. A well-compiled *précis* is a valuable guide to the directors in dealing with such a matter; but the original documents should be readily available, so that they may be consulted at any moment for elucidation or confirmation of the contents of the *précis* if necessary. If the matter is at all contentious it is as well to furnish the chairman, if not all the directors, with a copy of the *précis* in advance, so that it can be perused and the essential points mastered before it comes up for discussion at the meeting.

The procedure at Board meetings is often some-

what informal. As a rule the business is taken much in the order in which it appears on the agenda, although occasionally items are dealt with out of turn at the desire of some director who may be particularly interested in them. Apart from resolutions which have to be expressed in formal or legal terms, very few are definitely framed in exact language, discussions on particular points being frequently terminated by some measure of general agreement which is more understood than expressed. The secretary should keep his own notes of the business done, for which a knowledge of shorthand is very useful, and make up the minutes from these with the assistance—somewhat doubtful in most cases—of the chairman's notes in the Agenda Book or those of the other directors on their sheets. If he is in the slightest doubt as to the proper wording of the minutes, it is advisable to submit a draft to the chairman or managing director before writing them up, as once entered in the Minute Book they should never be altered unless absolutely necessary.

A specimen set of minutes might read somewhat as follows—

MEETING of the Directors of held at the Registered Offices of the Company on day, the day of, 19. . .

Directors present: Mr. (Chairman)

Mr.

Mr.

In Attendance: The Secretary.

The Minutes of the last meeting were read and signed.

The Bank Balance was reported as at, 19. . ., Credit Balance £, and this figure was accepted subject to subsequent confirmation by the Secretary.

London Office: This matter was very fully discussed, and it was decided to endeavour to obtain new offices as from 25th March next, but to retain the present warehouse for a further twelve months.

.....Department: Correspondence with Messrs..... dated was read, and the matter was left in the hands of the Chairman for further negotiation.

Works Management: Mr..... reported that the electrification of the Works was proceeding, and also that the new furnace was practically finished, and that it was hoped to have it working in about a fortnight.

The General Reports were considered, dealing with Cash owing to and by the Company, Sales, Wages, Raw Materials, and other matters appertaining to the business of the Company.

The following documents were signed and sealed:.....

The sealing of the following documents was confirmed:

The sealing of the following documents was authorized:.....

Transfers Nos. were submitted and approved, and Share Certificates Nos.....to.....in respect of such Transfers were signed and sealed.

Cheques, as per list datedamounting to £, were signed.

The next Board meeting was provisionally fixed for.....
....., 19..

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